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1909-1910

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

YEAR ENDED JUNE 30, 1910

SMITH, JONES & LEIGH  
NEW YORK

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1910-1925



# Interborough Rapid Transit Company

## DIRECTORS:

### TERMS EXPIRE 1911.

ANDREW FREEDMAN .....	New York
EDWIN HAWLEY .....	New York
H. M. FISHER.....	Plainfield, N. J.
WM. A. READ.....	New York
THEO. P. SHONTS.....	New York

### TERMS EXPIRE 1912.

AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
GEN'L JAMES JOURDAN.....	Brooklyn
F. DE C. SULLIVAN.....	New York
CORNELIUS VANDERBILT .....	New York

### TERMS EXPIRE 1913.

GERALD L. HOYT.....	New York
GARDINER M. LANE.....	Boston
JOHN PEIRCE .....	New York
ALFRED SKITT .....	New York
GEORGE W. YOUNG.....	New York

## EXECUTIVE COMMITTEE:

AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
ANDREW FREEDMAN .....	New York
GEN'L JAMES JOURDAN.....	Brooklyn
WILLIAM A. READ.....	New York
THEO. P. SHONTS.....	New York
CORNELIUS VANDERBILT .....	New York

## OFFICERS:

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY.

Chairman of Board.....	AUGUST BELMONT, 23 Nassau St., N. Y. City
President and Chairman of Executive Committee..	THEO. P. SHONTS
Asst. to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President .....	D. W. ROSS
Secretary .....	H. M. FISHER
Treasurer .....	J. H. CAMPBELL
Counsel .....	RICHARD REID ROGERS
General Attorney .....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR

Annual Stockholders' Meeting, Fourth Wednesday in September.



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# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

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No. 165 Broadway, New York, Sept. 1, 1910.

To the Stockholders:

Your Board of Directors submits herewith a report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1910:

#### MILEAGE JUNE 30, 1910.

Divisions	Length of Road	Single Track	Two Tracks	Three Tracks	Four Tracks	Sidings, etc.	Total Single Track
Subway .....	25.63	.63	10.37	7.13	7.50	9.18	81.94
Manhattan Railway.....	37.68	..	22.38	15.30	..	27.37	118.03
Total Miles .....	63.31	.63	32.75	22.43	7.50	36.55	199.97

The Bowling Green shuttle track consisting of .07 of a mile was deducted from the single track mileage and added to sidings, increasing the latter from 9.11 miles, as shown in last year's report, to 9.18 miles and reducing the former from .70 to .63 of a mile.

Sidings on the Manhattan Railway Division were reduced from 27.39 miles to 27.37 miles, due to the removal of a crossover between Fulton and Beekman Streets on the Third Avenue line, thus reducing the total single track mileage on the Manhattan Railway Division from 118.05 to 118.03 miles.

# EQUIPMENT OWNED OR LEASED BY YOUR COMPANY AS OF JUNE 30, 1910.

The following equipment is owned or leased by your Company; that of the Subway Division being owned and that of the Manhattan Railway Division being leased for 999 years from the date of the organization of said Company, to wit.: November 1st, 1875.

## MANHATTAN RAILWAY DIVISION.

### PASSENGER CARS:

Motor, closed .....	972	
Trailer, " .....	659	
Trailer, open .....	36	
	<u>          </u>	1667

### SERVICE CARS:

Pay, motor .....	1	
Instruction, " .....	1	
Drill, flat, " .....	1	
Pay, trailer, closed .....	1	
Supply, " " .....	14	
Ticket, " " .....	2	
Flat, " .....	24	
Hopper, " .....	5	
	<u>          </u>	49
Total .....		1716

## SUBWAY DIVISION.

### PASSENGER CARS:

Copper sheathed, motor, closed .....	154	
Steel, " " .....	436	
Copper sheathed, trailer, " .....	327	
	<u>          </u>	917

### SERVICE CARS:

Pay, motor, closed .....	1	
Instruction, " " .....	1	
Test, " " .....	1	
Observation, " " .....	1	
Steel, flat, " .....	7	
Supply, trailer, closed .....	2	
Tool, " " .....	1	
Pay, " " .....	1	
Emergency pump, trailer .....	1	
Wooden, flat, " .....	18	
Steel, flat, " .....	5	
	<u>          </u>	39
Total .....		956

Total number of cars of all description operated on Manhattan  
Railway and Subway Divisions .....2672

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED

JUNE 30, 1910

Gross Operating Revenue .....	\$28,987,647.87
Operating Expenses .....	11,013,142.77
Net Operating Revenue .....	17,974,505.10
Taxes .....	1,750,421.94
Income from Operation .....	16,224,083.16
Non-operating Income .....	411,024.16
Gross Income .....	16,635,107.32
Interest and Sinking Fund on City Bonds.....	\$2,181,204.01
Interest on Interborough Rapid Transit Co. Three- Year 5% Gold Notes called Sept. 1st, 1909.....	83,333.33
Interest on Interborough Rapid Transit Co. Three- Year 6% Gold Notes .....	1,388,980.00
Interest on Interborough Rapid Transit Co. 5% Forty- five Year Gold Mortgage Bonds .....	593,308.32
Sinking Fund Interborough Rapid Transit Co. 5% Forty-five Year Gold Mortgage Bonds .....	200,000.00
Interest on Manhattan Railway Consolidated Mort- gage 4% Bonds .....	1,591,080.00
Interest on N. Y. Elev. R.R. 5% Debenture Bonds..	50,000.00
Manhattan Railway Rental (Organization) .....	10,000.00
Guaranteed Dividend—7% on Manhattan Railway Co. Capital Stock .....	4,200,000.00
Amortization of Debt Discount and Expense.....	12,929.64
Interest on Unfunded Debt .....	233,005.61
Other Rent Deductions .....	9,119.37
Total Income Deductions .....	10,552,960.28
Net Corporate Income .....	6,082,147.04
Dividends on Interborough Rapid Transit Co. Stock (9%).....	3,150,000.00
Surplus .....	\$2,932,147.04

Gross Operating Revenue for the year ended June 30th, 1910, was \$28,987,647.87 as compared with \$26,524,394.12 last year, an increase of \$2,463,253.75 or 9.28%, the result of a gain on the Subway Division of \$1,741,505.05 or 14.28%, and on the Manhattan Railway Division of \$721,748.70 or 5.03%.

Operating Expenses were \$11,013,142.77 as compared with \$10,747,443.20 last year, an increase of \$265,699.57 or 2.47%, the result of an increase on the Subway Division of \$208,829.50 or 4.59%, and on the Manhattan Railway Division of \$56,870.07 or .92%. These increases are largely the result of increased wages during the year.

Net Operating Revenue was \$17,974,505.10 as compared with \$15,776,950.92 last year, an increase of \$2,197,554.18 or 13.93%, the result of a gain on the Subway Division of \$1,532,675.55 or 20.05%, and on the Manhattan Railway Division of \$664,878.63 or 8.17%.

The total amount of Taxes was \$1,750,421.94 as compared with \$1,799,807.31 last year, a decrease of \$49,385.37 or 2.74%, the result of an increase on the Subway Division of \$158,684.22 or 238.28%, and a decrease on the Manhattan Railway Division of \$208,069.59 or 12.01%. This increase in Subway Division Taxes is due to the policy inaugurated July 1st, 1909, of writing off from Earnings an amount sufficient to meet the State Tax upon the Gross Earnings of the Subway Division and the State Tax on the Company's Capital Stock. These taxes were paid under protest and are now in litigation. The decrease in the taxes of the Manhattan Railway Division is the result of a decision of the Court of Appeals confirming the claim that the company is entitled to the benefits of equalization in the matter of the special franchise taxes.

Income from Operation was \$16,224,083.16 as compared with \$13,977,143.61 last year, an increase of \$2,246,939.55 or 16.07%, the result of a gain on the Subway Division of \$1,373,991.33 or 18.13%, and on the Manhattan Railway Division of \$872,948.22 or 13.64%.

Non-operating Income was \$411,024.16 as against \$1,001,775.43 last year, a decrease of \$590,751.27 or 58.97%, the result of a decrease on the Subway Division of \$591,857.15 or 60.56%, and an increase on the Manhattan Railway Division of \$1,105.88 or 4.51%. This decrease in non-operating income on the Subway Division is largely due to the policy inaugurated July 1st, 1909, of not crediting to income account the interest on advances made for the construction of the Belmont Tunnel.

Gross Income was \$16,635,107.32 as compared with \$14,978,919.04 last year, an increase of \$1,656,188.28 or 11.06%, the result of a gain on the Subway Division of \$782,134.18 or 9.14%, and on the Manhattan Railway Division of \$874,054.10 or 13.60%.

Total Income Deductions were \$10,552,960.28, as compared with \$10,389,095.92 last year, an increase of \$163,864.36 or 1.58%, the result of an increase on the Subway Division of \$151,460.24 or 3.33%, and on the

Manhattan Railway Division of \$12,404.12 or .21%. The analysis of these income deductions will be found on page 33.

The Net Corporate Income was \$6,082,147.04 as compared with \$4,589,823.12 last year, an increase of \$1,492,323.92 or 32.51%, the result of a gain on the Subway Division of \$630,673.94 or 15.72%, and on the Manhattan Railway Division of \$861,649.98 or 148.68%.

The Surplus over dividends of 9% on the capital stock was \$2,932,147.04 as compared with \$1,439,823.12 last year, an increase of \$1,492,323.92 or 103.64%.

The percentage of operating expenses to gross operating revenue was 37.99% as compared with 40.52% last year, a decrease of 2.53%, the result of a decrease on the Subway Division of 3.16% and on the Manhattan Railway division of 1.69%.

The number of passengers carried was 562,788,395 as compared with 514,680,342 last year, an increase of 48,108,053 or 9.35%, the result of a gain on the Subway Division of 30,531,969 or 12.81%, and on the Manhattan Railway Division of 17,576,084 or 6.36%. The increase in the number of passengers carried during the year was distributed among practically all stations of both the Subway and Manhattan Railway Divisions; the few exceptions were instances where the decreases were occasioned by local conditions.

## CAPITALIZATION

Capital Stock, 350,000 shares, par value \$100, non-assessable..... \$35,000,000

## FUNDED DEBT

Three-year 6% Gold Notes, dated May 1, 1908, due May 1, 1911..... \$21,973,000  
Forty-five Year Gold Mortgage 5% Bonds, dated November 1, 1907.. 13,052,000

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Total ..... \$35,025,000

The \$21,973,000 of Three-year Six Per Cent. Gold Notes, dated May 1, 1908, are exchangeable for Forty-five Year Gold Mortgage Five Per Cent. Bonds on November 1, 1910, at the rate of \$99 in notes for \$100 in bonds; provided that five days' written notice of intention to make such exchange shall have been given by the noteholder to the Guaranty Trust Company of New York, Trustee.

The \$13,052,000 of Five Per Cent. Bonds are a portion of an authorized issue of \$55,000,000 of Forty-five Year Gold Mortgage Bonds, dated November 1, 1907, secured by the equipment, power houses, real estate used in the operation of the road and the leases of the Subway and Manhattan Railway, together with certain stocks and bonds of subsidiary companies owned by your Company.

## SINKING FUND

The trust agreement, dated November 1, 1907, securing the issue of the \$55,000,000 of bonds, provides for the creation of a Sinking Fund of at least \$300,000 per annum, beginning with November 1, 1909, which fund may be increased from time to time, at the option of the Company, to an amount not exceeding 1 per cent. of the total amount of principal of bonds and gold notes, at the time of such payment, outstanding, the first payment to be made to the Trustee November 1, 1910. These bonds are purchasable by the Trustee for the Sinking Fund at 105 per centum and accrued interest or better.

The above Forty-five Year Gold Mortgage Five Per Cent. Bonds outstanding have been listed on both the New York and London Stock Exchanges.

## **FIRE INSURANCE**

During the past year your properties have been kept unusually free from fire and, as a consequence, your insurance shows a decreasing cost during a period of general advancement of insurance rates throughout the country.

Precautions and safeguards against fire have been increased on all your properties. Rigorous inspections are continuously made and systematic fire drills of employees held semi-monthly at every yard and storehouse. The watchman service has been extended and is being kept at its highest efficiency, and additional alarms have been installed, with direct connection with fire headquarters.

The elaborate automatic sprinkler systems, described in our last report, are now installed at your 137th Street and Broadway Yard (Subway Division), and are nearing completion at your 159th Street and 8th Avenue Yard (Manhattan Railway Division). These sprinklers, installed at an expense of over \$100,000, and operating under high pressure, are capable of deluging these yards and, in the opinion of the Insurance Underwriters, make a large fire at either of these points practically impossible.

A number of improvements were also made in your shops and storehouses during the year, resulting in a 10% reduction in the cost of the insurance covering them; the saving in premium amounting to more than enough to pay the cost of making the improvements.

## **REAL ESTATE**

The following transactions in real estate, controlled by your Company, were consummated during the past year. Leases were made for a term of years of the vacant property located underneath the elevated structure along Cathedral Parkway, between Eighth and Columbus Avenues, and at the northwest corner of Division and Allen Streets, the two parcels consisting of about 8 city lots, at an aggregate rental of \$17,700 per annum. Reservations were made requiring that the buildings to be erected on these properties by the tenants must consist of one-story fire-proof structures, the construction and the nature of the business to be transacted therein to be under the supervision

and subject to the approval of the Chief Engineer of your Company. None of this property has heretofore produced any revenue.

Leases of other properties expiring during the year were renewed at increased rentals approximating \$5,200 per annum.

The property located at No. 69 Greenwich Street, consisting of a six-story building on a plot approximately 25 x 75 feet, irregular, was sold for \$80,000, and the property located at Nos. 127-129 West 53rd Street, consisting of two four-story buildings on a plot 35 x 100 feet, was sold for \$60,000. The proceeds of these sales will be applied to the retirement of bonds and the acquisition of other properties required for railway purposes, in accordance with the Consolidated Mortgage of the Manhattan Railway Company. The additional property so far acquired consists of about 14½ city lots located on the Speedway, north of 159th Street, adjoining the 159th Street yard, and was purchased for the purpose of enlarging the Company's yards at that point.

## **MAINTENANCE OF STRUCTURES, POWER PLANT AND EQUIPMENT**

The structures, equipment and other property of your Company have been maintained throughout the year at a high standard of efficiency, the following being some of the permanent improvements made and charged to current earnings.

### **MANHATTAN RAILWAY DIVISION MAINTENANCE OF WAY.**

Equipment of tracks Nos. 1, 2, 3, 4 and 5 in the 133rd Street yard with light "T" contact rails, to facilitate the switching of cars.

Construction of two additional stairways and connections with the new Municipal ferry house at South Ferry.

Remodeling ends of longitudinal girders in West 53rd Street, between Sixth and Ninth Avenue lines, for the purpose of strengthening the structure.

Extension of canopy over island platform at City Hall station, Third Avenue line, for the better protection of passengers.

Alterations to the 98th Street shops, to facilitate the handling of additional equipment.

Renewal of pins and pin plates on Sixth Avenue elevated structure, between Grand and 53rd Streets.

Installation of break in contact rail on Sixth Avenue line, in vicinity of 14th Street, to facilitate the operation of trains in case of a power interruption south of that point.

Bonding tracks in the 159th Street and Eighth Avenue Yard.

Reconstruction of column foundations and repairs to column bases and the installation of new seats on floor beams for bearings of stringers on the Sixth Avenue line, for the purpose of strengthening the structure.

Changes in interlocking system in the 159th Street yard, to facilitate the switching of trains.

The following additional signals were installed:

New automatic signal at 133rd Street, on the Third Avenue line.

New two-arm semaphore signal on the middle track, south of the 180th Street Third Avenue station.

New automatic signal at the 186th Street and Third Avenue curve.

One two-arm semaphore signal at South Ferry, west side tower.

High semaphore signals at 53rd Street, on the Ninth Avenue line.

High semaphore signals at 47th, 112th and 147th Streets, on the Sixth Avenue line.

#### **MAINTENANCE OF POWER AND EQUIPMENT.**

28,000 feet of new alternating current feeder cables leading from the main power house to sub-stations Nos. 5 and 7 were installed.

105 cars were equipped with coasting devices or time clocks, for the purpose of registering the consumption of power.

634 cars were equipped with an improved type of shoe fuse.

838 cars were equipped with anti-climbers, to prevent telescoping in case of collision.

#### **SUBWAY DIVISION**

##### **MAINTENANCE OF WAY.**

The subway bottom under the tracks at the south end of 116th Street and Lenox Avenue station has been reconstructed to prevent leaking.

Four distant control circuit breakers have been installed south of Grand Central station for the purpose of improving the current feeder system.

New reflectors on the lighting fixtures have been installed at all stations.

The transfer of compressor plant in Joralemon Street shaft to sub-station No. 21 at 27 Willow Place, Brooklyn, for use in connection with drainage system for East River tubes, to promote economy in operation.

Changing location of signals between 96th and 110th Streets on the Lenox Avenue Branch, to effect a saving of time in approaching 96th Street station.

The relocation of signal No. 294, at Brooklyn Bridge, so as to permit of a closer headway for trains.

The relocation of signal No. 2-R, at Dyckman Street, to afford additional train protection.

Additional station signs were installed on all local and express stations.

#### **MAINTENANCE OF POWER AND EQUIPMENT.**

A new feed water heater was installed in the 59th Street power house, capable of condensing 1,000,000 lbs. of steam per hour.

229 additional cars were equipped with destination signs.

514 cars were equipped with a new type of automatic trip device.

528 cars were equipped with anti-climbers, to prevent telescoping in case of collision.

Synchronizing governors for air compressors were installed on all subway motor cars, as an additional precaution against interruption of service.

## ADDITIONS AND BETTERMENTS

For the Year Ended June 30th, 1910

Chargeable to Capital Account

### MANHATTAN RAILWAY DIVISION.

Additional Stairways at 92nd Street and 2nd Avenue, 23rd Street and 3rd Avenue, 133rd Street and 3rd Avenue and at Houston Street and the Bowery.

Additional Manhattan Railway Motor and Trailer Cars and Electrical Equipment thereof.

Employees' Recreation Buildings at 129th Street and 3rd Avenue, Bronx Park and 3rd Avenue, and 158th Street and 8th Avenue.

New Station at 180th Street and 3rd Avenue.

Extension of 129th Street and 3rd Avenue Inspection Shed.

Reinforcing Structure account of Electrical Equipment.

Installation of Sprinkler System for Fire Protection at 159th Street and 8th Avenue Yard.

Incinerating Plant, 129th Street and 2nd Avenue.

Installing New System of Negative Return, All Lines.

Double File Reno Inclined Escalator at 125th Street and 8th Avenue.

Installing 3,000 Kw. Rotaries in Substations Nos. 5 and 7.

Additional Steam Pump at 74th Street Power Station.

Land-Damages and Legal Expenses in connection therewith.

Making a total Charge to Manhattan Railway Company Construction Account of ..... \$1,295,033.40

### SUBWAY DIVISION.

Completing one (1) Additional 5,000 Kw. Low Pressure

Turbine and Installing two (2) Additional 7,500 Kw.

Low Pressure Turbines and Condensers with Auxiliary Equipment at the 59th Street Power Station.

Installing Additional Track Signals and Circuit Breakers.

Additional High Tension Feeders to Substations Nos. 13 and 17.

Employees' Recreation Buildings at 180th Street and West Farms and 242nd Street and Broadway.

Brought forward .....	\$1,295,033.40
Additional Subway Steel Motor Cars and Electrical Equipment thereof.	
Single File Reno Inclined Escalator at 177th Street and Boston Road.	
Installing Sprinkler System for Fire Protection at 137th Street and Broadway Yard.	
Heating Plant in Inspection Shed at 178th Street and West Farms.	
Speed Control Signals at Express Stations.	
Installing 3,000 Kw. Rotaries in Substations Nos. 13, 14 and 18.	
New Car Storage Yard and Inspection Shed at 242nd Street and Broadway.	
Installing Center Side Doors and Door Signalling Devices on Subway Cars.	
Making a Total Charge to Interborough Rapid Transit Company Fixed Capital Account of....	3,031,302.18
	<hr/>
Total .....	\$4,326,335.58

## IMPROVEMENTS IN SERVICE

### ORGANIZATION.

As a result of changes in the organization inaugurated at the beginning of last year for the purpose of securing greater efficiency and economy in the transaction of the Company's business, the General Expenses of your company for the year ended June 30th, 1910, decreased \$117,137.12, the result of decreases in General Office Salaries and Expenses, General Law Expenses, Law Expenses in connection with Damages and other Miscellaneous General Expenses.

### ELECTRIC STARTING SIGNALS IN SUBWAY CARS.

In conformity with the established custom of your Company in adopting promptly every known safety device in the operation of its trains, there was installed during the year in subway cars, both local and express, an electric signaling device for signaling to the motormen when all doors are closed. By the use of this device the closing of the last door automatically signals the motorman, indicating that the train is ready to proceed. Its installation and use has not only proved satisfactory in preventing accidents, but has resulted in a very material reduction in the length of station stops and a consequent decrease in train headway.

### INSTALLATION OF AUTOMATIC SPEED CONTROL SIGNALS.

In last year's annual report mention was made of the practicability of increasing the service by reducing the interval between trains through the introduction of speed control signals. These signals permit trains to operate safely through stations under closer headway and their operation at 96th Street, where they were first installed, proved so successful that their installation was extended during the past year to include all of the following express stations:

96th Street, northbound and southbound, all tracks.  
72nd Street, northbound and southbound, express tracks.  
Grand Central, northbound and southbound, all tracks.  
14th Street, northbound and southbound, express tracks.  
Brooklyn Bridge, northbound and southbound, express tracks.

### CENTRE SIDE DOORS.

For the purpose of facilitating the loading and unloading of passengers and reducing stations stops, so as to secure a closer train headway and consequent increase in the service, centre side doors are now being installed on all cars operated in the express service in the subway.

### AUTOMATIC RECORDING INSTRUMENT.

The Company sometime ago installed an automatic recording instrument on the Second Avenue line of the Manhattan Railway Division and recently, owing to its satisfactory operation, arranged for the extension of its use over the entire system.

This device provides a printed record for each motorman, indicating at the end of each trip the degree of economy exercised by him during the trip. The operation of the device is resulting in a considerable saving for the company by reducing the amount of electrical current consumed.

As an incentive to individual effort a premium system has been inaugurated whereby motormen having the best record—i. e., those operating their trains in the most economical manner—receive a substantial bonus at the end of each month.

The interest displayed by the motormen in their efforts to make improved records is very marked, and the economies effected and increased efficiency secured by the introduction of the device are very gratifying.

## IMPROVEMENTS AND ADDITIONS AUTHORIZED AND IN COURSE OF CONSTRUCTION

All of the improvements enumerated in last year's report have been completed with the following exceptions:

New Subway Station at St. Nicholas Avenue and 190th Street. This station is about 65% completed. The work is progressing satisfactorily and the station can probably be used by February 1st, and should be fully completed by May 1st, 1911.

Additional Elevators at 181st Street and St. Nicholas Avenue. This work is about 50% completed and should be fully completed by March 1st, 1911. The elevators will probably be put in service however at an earlier date.

Terminal Yards and Inspection Shed at 242nd Street and Broadway, on property owned by the Company. This work is about 60% completed, and it is estimated that it will be fully completed by January 1st, 1911.

Of the 100 additional cars ordered for the Manhattan Railway Division, 80 have been received and 76 are in service, namely 20 trailer and 56 motor cars.

Of the 250 additional cars ordered for the Subway Division 110 of the motor cars have been received and 94 are in service.

The installation of an independent fire sprinkler system in the 159th Street and Eighth Avenue Elevated yard is progressing satisfactorily and should be completed by February 1st, 1911.

### AUTHORIZED DURING THE YEAR.

Twenty new steel trailer flat cars, ten each for the Subway and Manhattan Railway Divisions.

Seventy-five additional steel motor Subway cars with complete equipments were ordered for the purpose of providing for ten-car express and six-car local trains.

One hundred additional cars for the Manhattan Railway Division, composed of 60 motor and 40 trailer cars, were ordered, to provide for the increasing travel.

Lengthening Inspection Shed at 148th Street and Lenox Avenue, to accommodate ten-car trains.

The construction of a new terminal station on the Subway Division at 181st Street and Boston Road (Zoological Park).

For the 59th Street Power House, two 7,500 k. w. low pressure turbine units complete, and for Sub-stations of the Subway Division three 3,000 k. w. rotaries. One 5,000 k. w. turbo generator was exchanged for one 7,500 k. w. generator, and additional cable, etc., installed between Sub-stations Nos. 13 and 17 and the Main Power House.

For the Manhattan Railway Division, one 3,000 k. w. rotary, including the installation of additional feeders, etc., to Sub-stations Nos. 5 and 7.

124,000 feet of 2,000,000 c. m. paper insulated lead covered feeder cable and 38,700 feet of 2,000,000 c. m. weatherproof cable for the Subway division.

Equipping of all Subway cars with electrical synchronizing brake control added to the present type of pneumatic brakes and the substitution of new brake cylinders; also the installation of new draw bars and draft rigging, so as to make them adaptable to ten-car express trains.

Installation in Sub-station No. 7, of the Manhattan Division of one new 3,000 k. w. rotary including the necessary switchboard apparatus, cable, etc., and additional negative and positive feeder cables.

Installation of a spare armature for the low pressure turbines at the 59th Street Power House, for emergency purposes.

#### LENGTHENING STATION PLATFORMS.

In January, 1910, the work of extending the station platforms of the Subway Division to accommodate ten car express and six car local trains was commenced, and at the present rate of progress should be sufficiently advanced to permit the operation of six-car locals by November 1, and ten-car express trains by February 1, 1911.

The lengthening of these platforms will increase the carrying capacity of the Subway practically 23% at an expenditure of approximately \$1,500,000. The cost of the work will be paid for by the City as an extra under Contracts Nos. 1 and 2, and will be amortized in the same manner as the cost of the original Subway.

## OPERATIONS OF THE LEGAL DEPARTMENT IN THE ADJUSTMENT OF CLAIMS

### INJURIES AND DAMAGES.

	1910	1909	Decrease	Increase	Per cent.
Claim, suits and judgments..	\$214,198.44	\$222,088.34	\$7,889.90		3.5
Expenses .....	107,411.53	105,417.19		\$1,994.34	1.9

With an increase of 48,108,053 in the number of passengers carried, the aggregate of verdicts rendered against the company during the year was \$27,372.00. In the Supreme Court, the plaintiffs recovered in only 19% of the cases tried and in all of the courts the plaintiffs recoveries were 30%. This was a reduction of over 6% compared with last year. The percentage of verdicts in favor of the company in all the courts was 42% the same as last year.

Notwithstanding the increase in the number of passengers carried, there were only six more actions brought in the Supreme Court, although, as last year, there was an increase in the number of petty actions in the lower courts.

Only \$19,998.00 in judgments are pending on appeal.

The cost of damage settlements and judgments amounted to 0.74% and the legal and claim department expenses to 0.37% of the gross operating revenue.

### LEGISLATION

With the approval of Mayor Gaynor and the Public Service Commission, your Company successfully advocated before last winter's Legislature a bill intended to pave the way for the general third tracking and extensions of the Manhattan Railway system by avoiding legal delays in condemnation proceedings and facilitating immediate construction of the same when completely authorized, in accordance with our plan. Similar efforts resulted in the enactment of a measure allowing a transfer, subject to permission of the Commission and the Mayor, of the Belmont Tunnel property to another railroad corporation. Governor Hughes signed both of these bills.

# VOLUNTARY RELIEF ASSOCIATION

## STATEMENT SHOWING OPERATIONS OF RELIEF DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1910, AND TOTAL TO JUNE 30, 1910.

### FINANCIAL STATEMENT.

Receipts to June 30, 1909, inclusive..... \$164,676.95

#### RECEIPTS.

Contributions Manhattan Railway Division.....	\$51,284.57
Contributions Subway Division.....	22,531.76
Contributions General Office.....	4,707.21
Interest on Bonds.....	1,800.00
Interest on Bank Balances.....	428.75

Receipts for year ended June 30, 1910..... \$80,752.29

Total Receipts ..... \$245,429.24

Disbursements to June 30, 1909, inclusive..... \$113,513.84

#### DISBURSEMENTS.

##### *Man. Ry. Div.*

Accident Benefits Paid.....	\$2,638.50
Sickness Benefits Paid.....	23,374.00
Death Benefits Paid.....	19,866.00
Contributions Refunded .....	375.40
	<u>\$46,253.90</u>

##### *Subway Division.*

Accident Benefits Paid.....	\$1,256.00
Sickness Benefits Paid.....	9,503.00
Death Benefits Paid.....	9,250.00
Contributions Refunded .....	493.53
	<u>20,502.53</u>

##### *General Office.*

Sickness Benefits Paid.....	\$658.00
Death Benefits Paid.....	2,000.00
Contributions Refunded .....	23.68
	<u>2,681.68</u>

Conscience Money Returned..... 10.00

Disbursements for year ended June 30, 1910..... 69,448.11

Total Payments ..... 182,961.95

Cash on hand June 30, 1910..... \$3,624.53

\$45,000 Manhattan Railways Company Consolidated Mortgage 4% Bonds, at cost... \$43,587.35

\$15,000 N. Y. City, Tax Exempt, 4½% Bonds, due 1960, at cost.....	15,255.41	58,842.76	<u>\$62,467.29</u>
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The operating expenses of the Fund paid by the Company to June 30, 1910, have been ..... \$55,751.44

## VOLUNTARY RELIEF ASSOCIATION—(Continued)

### MEMBERSHIP STATEMENT.

Membership June 30, 1909.....	5,139
Employees admitted to membership during year ended June 30, 1910	2,768
Loss Account of resignations, dismissals, deaths, etc.....	<u>2,220</u>
Net gain during year.....	<u>548</u>
Total membership June 30, 1910.....	5,687
Deaths to June 30, 1909.....	113
Deaths during year ended June 30, 1910.....	<u>76</u>
Total number of deaths.....	<u>189</u>

During the year the Medical Examiners have made 5,028 calls on disabled members.

Physical examinations have been made to the number of.....	3,014
Of which number there have been rejected.....	<u>160</u>

### EMPLOYEES' RECREATION ROOMS

As the result of the appropriation of the sum of \$50,000 by your Board of Directors for the construction of terminal buildings for the better accommodation of employees and of the donation by Mr. August Belmont of \$10,000 for the purpose of fitting up the reading-rooms and providing them with full equipment for club purposes, to which reference was made in the last annual report, the first recreation room was opened at Bronx Park, Third Avenue Line, on March 7, 1910, and the second at 129th Street and Third Avenue on March 26, 1910.

In addition to affording the employees the advantages of reading and smoking rooms, shower baths, etc., from the dates of the opening of these two recreation rooms in March to the close of the fiscal year on June 30, upwards of 95,000 luncheons were served, averaging about 900 wholesome and substantial luncheons per day, at a cost to the employees greatly below what it would be possible for them to obtain elsewhere.

A third recreation room was opened at 158th Street and Eighth Avenue on July 1, 1910, at which luncheons are served daily to the number of about five hundred, and two additional rooms are in course of construction, one at 180th Street, Bronx Park, and the other at 242nd Street and Broadway, Terminal Subway Division.

## TAXES

The Federal Excise Tax on corporations imposed under the authority of an Act of Congress passed at the session of 1909, amounted to about \$60,796 for the year ending December 31, 1909; and, because of the large penalties provided for, that amount has been paid by the company, under protest. In January of this year an equitable action was brought by one of the company's stockholders to enjoin the company and its directors from paying this tax, on the ground that the Act was contrary to certain provisions of the Constitution of the United States. The pleadings, besides raising the general constitutional questions contained in other test cases, present the peculiar conditions under which this company operates the municipally-owned subway, including its exemption from taxation. The action, with others of a similar nature, is now before the United States Supreme Court, and argument will be heard sometime in the fall.

The proceeding brought by this company against the Comptroller of the State of New York to review his action in assessing this company for the State franchise tax measured by a percentage upon subway earnings and upon dividends paid in excess of 4%, was argued before the Appellate Division of the New York Supreme Court in March, 1910, and a decision was handed down whereby the Comptroller's assessment for excess dividend taxes was annulled. This would mean the cancellation and credit to the company of taxes already paid to the amount of \$186,375, and a saving in future taxes of \$52,500 a year. The State has appealed to the Court of Appeals from that decision, and when the matter is finally determined, it is probable that an even greater reduction will be obtained.

The long litigation over the special franchise taxes of the Manhattan Railway Company is about concluded. As a result of the trial of these proceedings, the tax for the year 1909 was reduced by the sum of \$139,917. This species of taxation with respect to the elevated lines is particularly onerous, and it is confidently expected that the large assessments made by the State Board of Tax Commissioners will be further reduced upon appeal.

Practically all of the litigation over the special franchise assessments upon subsidiary and affiliated companies has been concluded, and substantial reductions have been secured.

## SUBWAY AND ELEVATED EXTENSIONS.

Immediately upon the passage of the amendments to the Rapid Transit Act, near the close of the legislative session of 1909, in view of the urgent needs of additional rapid transit facilities, and in response to a request from the Public Service Commission in reply to an earlier proposal for permission to extend your lines, your Company prepared and forwarded to that body under date of June 30th, 1909, the most favorable proposition for the construction and operation of new subway and elevated extensions that it was justified in making under the Act as amended. This proposition, which constituted the logical extensions of the present subway and elevated systems, owing solely to the fact that the City was without funds for subway construction, was predicated entirely upon the use of private capital, the title to the new subways to vest in the City in conformity with Contract Number One. On August 27th, 1909, a reply was received from the Commission, suggesting certain changes and modifications in the routes proposed in our application, which suggestions were complied with as far as the interests of your Company would permit, the principal change being the substitution of Madison Avenue for the Lexington and Third Avenue routes. On November 24th, 1909, this amended proposal was rejected by the Public Service Commission. In the same communication, however, your Company was invited to submit new proposals involving further modifications, particularly with respect to the separation of the two propositions for subway and elevated improvements.

In the meantime, the situation in regard to the construction of new subways had changed very materially. City officers had been elected on a platform pledged to city-built subways, and by the passage of a constitutional amendment the City had in sight funds with which to construct its own subways. It could borrow money for this purpose, and indicated an intention to do so, at from  $1\frac{3}{4}\%$  to 2% less than private capital could be secured for, which difference in interest charges alone made the use of private capital impossible. But, in order to meet the views of the Public Service Commission, as far as possible, and with a view to bringing about the earliest practicable relief from the present overcrowded conditions, your Company on June 10th, 1910, addressed a communication to that body offering to carry out the elevated improvements independently of subway construction and to put the Belmont Tunnel in operation as a part of the present subway system, with free transfers to all existing subway lines. Subsequently, it having been tentatively considered in various conferences with the

Commission that private capital could not be used in competition with City money, and the Hon. William J. Gaynor, Mayor, having expressed a desire for this Company's views on subway construction, they were furnished him in a letter dated July 5th, 1910. They were also simultaneously furnished to the Public Service Commission in response to a similar request from Hon. William R. Wilcox, chairman.

Your Company, therefore, now has a proposal before the Commission for the independent construction of the elevated improvements, and before the Mayor and the Public Service Commission its suggestions for new subway construction, as follows:

#### **ELEVATED IMPROVEMENTS.**

**Second Avenue Line:** The completion of the third track from City Hall station to 129th Street.

**Queens County Extension:** The construction of a two-track extension from the Second Avenue Elevated line across Queensboro Bridge to the Queensboro Bridge Plaza, giving the citizens of Queens the benefit of free transfers, upon the payment of a single five-cent fare, to all parts of the elevated system in Manhattan and the Bronx.

**Third Avenue Line:** The completion of the third track from Pearl and Chambers Streets to about 147th Street, with the privilege of thereafter extending the third track to the present terminus of the Third Avenue line at Bronx Park; and the construction of a two-track connection from about 143rd Street, through Willis and Bergen Avenues, to a connection with the West Farms Division of the subway at or about Brook Avenue, so as to divert the West Farms trains to the Second or Third Avenue lines and relieve the pressure upon the Broadway and Lenox Avenue Divisions of the subway.

**Becker Avenue Extension:** The extension of the Third Avenue line from Pelham Avenue through Webster Avenue, Gun Hill Road, and White Plains road to Becker Avenue as a two-track line, with the privilege of thereafter building a third track from Pelham Avenue to Becker Avenue.

**Ninth Avenue Line:** The completion of the third track from Rector Street to 155th Street.

**Jerome Avenue Extension:** The construction of a two- and three-

**track elevated road** from about 149th and Eighth Avenue across McComb's Dam Bridge to about 162nd Street and River Avenue, thence up River and Jerome Avenues to about 194th Street, with the privilege of thereafter constructing a third track between 162nd and 194th Streets.

The advantages of proceeding immediately upon this construction may be summarized as follows:

(a) The third tracking improvements can be put into operation within approximately two years, thus bringing a by no means inconsiderable rapid transit relief to the City within at least three years less time than can be obtained by subway construction.

(b) The pressure upon the Third Avenue line, the travel on which is now more congested than upon any of the rapid transit lines in the city, will be relieved.

(c) If the third track is completed upon the Second and Third Avenue lines, it will be possible to divert a large number of trains now using the West Farms Division of the subway to the Second and Third Avenue lines. This in turn would give better rapid transit service to citizens of the Bronx and would at the same time enable the Company to materially increase its train movement on the upper Broadway Division of the subway, as well as relieve the congested conditions along Lenox Avenue, thus giving a more efficient service to the upper portion of Manhattan.

**Belmont Tunnel:** The completion and operation of this tunnel as a part of the existing subway, with open communication between the tunnel and the subway system at or near the Grand Central Station, thus giving an additional line of rapid transit communication, with free transfers upon the payment of a single five-cent fare, between Long Island City and all parts of Greater New York reached by the existing subway lines.

#### **SUGGESTIONS FOR NEW SUBWAY CONSTRUCTION.**

In addition to the elevated improvements and the opening of the Belmont Tunnel, which plans are now before the Public Service Commission, your Company has suggested the construction of the following new subway extensions:

**West Side Lower Manhattan and Brooklyn Extension:** From Times Square through Seventh Avenue, as extended, West Broadway and

Greenwich Street to Liberty Street as a four-track road, and from Liberty Street to the Battery as a two-track road, with a branch connecting with this extension from the intersection of Greenwich and Liberty Streets, under Liberty Street and East River to Pineapple Street in Brooklyn and under Pineapple and Fulton Streets to a connection with the Brooklyn extension of the existing subway at Borough Hall as a two-track road (the present subway between Borough Hall and Atlantic Avenue consisting of four tracks) and a further extension from the terminus of the Brooklyn Extension of the existing subway at Atlantic Avenue through Flatbush Avenue and Eastern Parkway to Nostrand Avenue as a four-track road.

**East Side Upper Manhattan and Bronx Extension:** From about 35th Street through Park Avenue and private property at or about 40th Street to Lexington Avenue, thence up Lexington Avenue across the Harlem River to a point south of 149th Street as a four-track road; thence dividing, with a two-track connection to the West Farms branch of the existing subway, and two tracks up Mott Avenue through 153rd Street and up River and Jerome Avenues to 194th Street, with the privilege of constructing three tracks between 162nd Street and 194th Street; the extension through River and Jerome Avenues to be built as an elevated structure.

In addition to the foregoing lines, there may be considered an elevated extension from Pelham Avenue, northerly up Webster Avenue to Gun Hill Road, easterly from Gun Hill Road to White Plains Road, northerly from White Plains Road to Becker Avenue; with the privilege of building a third track upon this extension from Pelham Avenue to Becker Avenue.

All of the foregoing lines are designed to be built with City money, your Company agreeing to equip and operate them as a part of the existing subway system, with free connections between all new extensions and the present subway for a single five-cent fare, upon substantially the following basis:

1. The gross operating revenue of the new extensions to be ascertained from the number of tickets sold at stations along the new extension, or, if deemed advisable by either the City or the Company, from the number of tickets deposited in the chopping boxes on the new extensions, or by such other methods as upon full consideration may be agreed upon between the parties.

2. The net profits of the Company to be arrived at as hereinafter provided, and to be disposed of as follows:

(a) The City to take all net profits for the first five years from the commencement of operations on any portion of the new subway extensions.

(b) The net profits after five years to be equally divided between the City and the Interborough Company.

3. The net profits to be determined by making the following deductions from the gross revenue in the order named:

(a) Maintenance of equipment. (It is proper to point out in this connection that the maintenance of equipment will be less if the new extensions are operated by the Interborough Company, by reason of the fact that certain economies can be effected by extending over the new system the benefits of our present organization and our existing facilities, such as power stations, shops, and terminals; the latter with some enlargement being sufficient to operate the old and the new equipment.)

(b) Maintenance of way and structure. (To be ascertained upon the basis of actual cost plus a reasonable allowance for depreciation.)

(c) Cost of conducting transportation. (To be ascertained on a car mileage basis.)

(d) General and administration expenses. (Likewise to be ascertained on a car mileage basis.)

(e) Taxes, if any.

(f) The actual annual charges of the Company for carrying the cost of equipment and providing a partial sinking fund of three-fourths of one per centum per annum to meet obsolescence. (This provision is intended to provide for the contingency that when at the expiration of the lease the equipment is taken over by the City its then market value, notwithstanding its full maintenance, may be less than its present cost.)

(g) Interest on bonds issued by the City to defray cost of construction, plus one per centum per annum for a sinking fund.

4. If the gross revenue should at any time be insufficient to meet the gross expenses, as provided for in section 3, any annual deficit of interest on City bonds to be paid by the City, and all interest so paid, together with a sinking fund of 1% per annum from the commencement of operation, to be a preferred and cumulative charge against the net earnings of the road, and to be paid in full before any division of the profits is made.

The terms of the lease to be at least coterminous with the unexpired portion of the term of the subway built under Contract Number One, but the City to have the right at any time after ten years to take back the extensions upon the reimbursement to the Interborough Company of the cost of equipment, plus 15%.

Therefore, by the construction of a short cross route in the neighborhood of 40th Street, the subways which the City would have within its power to take back, would constitute, in connection with the new Brooklyn extension, a north and south line in Manhattan and the Bronx, duplicating the north and south line now operated by the Interborough Rapid Transit Company.

The above conclusions were arrived at after a very careful study of the transit needs of Greater New York. They are based on long experience in determining the requirements of the traveling public and were compiled in a spirit of fairness to all concerned—i. e., the City, the passenger, and the Company. These logical extensions of the existing subway will not only double its present carrying capacity, but will enable passengers to travel directly to and from all important centres without transferring. At the same time, as construction progresses, each new section can in turn be joined to existing lines making the additional mileage immediately available. For example, the Pennsylvania Railroad Terminal can be connected with the west side subway at 42nd Street in eighteen months; the Bronx extensions can be completed in about the same time; while the Brooklyn extensions can be placed in operation in fifteen months, and the Belmont tunnel in three months.

As to the use of City money versus private capital, there can be no difference of opinion. Inasmuch as the City receives all of the profits for the first five years and shares in the profits equally with the Company thereafter, the saving of over One Million Dollars per annum in interest charges alone by the use of City money illustrates as nothing else can that the use of private capital would be an economic waste in which the City and the fare payers would be equal losers with your Company. Similarly, the establishment of a universal five-cent subway fare, as against a ten-cent fare between two independent lines, is equally conclusive proof of the wisdom of extending the present system.

With an acknowledgment of the efficiency and loyalty of the officers and employees, this report is respectfully submitted.

By order of the Board of Directors.

THEODORE P. SHONTS,  
*President.*

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEAR ENDED JUNE 30, 1910 AND 1909.

*Note—For the purpose of a satisfactory comparison, the results from operations for the year ended June 30, 1909, are herein below stated as nearly as possible in conformity with the rules of the "Uniform System" of accounting effective July 1, 1909.*

	1910			1909			
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	Increase
Revenue from Transportation..	\$14,723,223.62	\$13,443,804.66	\$28,167,028.28	\$13,847,571.44	\$11,917,313.00	\$25,764,884.44	\$ 2,402,135.84
Other Street Railway Operating Revenue .....	331,918.68	488,700.91	820,619.59	485,814.16	273,687.52	759,501.68	61,117.91
Gross Operating Revenue...	\$15,055,142.30	\$13,932,505.57	\$28,987,647.87	\$14,333,385.60	\$12,191,000.52	\$26,524,386.12	\$ 2,463,253.75
Operating Expenses:							
Maintenance of Way and Structures .....	\$849,625.64	\$694,443.81	\$1,514,069.45	\$839,303.44	\$693,335.08	\$1,442,644.52	\$71,427.93
Maintenance of Equipment...	881,566.44	792,221.48	1,673,787.92	841,665.14	783,146.69	1,624,811.83	48,976.09
Traffic .....	3,079.19	1,129.92	4,209.11				4,209.11
Transportation Expenses .....	3,887,831.85	2,849,472.84	6,737,304.69	3,778,841.65	2,700,239.48	6,479,081.13	258,223.56
General Expenses .....	634,590.11	449,181.49	1,083,771.60	740,009.93	460,898.79	1,200,908.72	*117,137.12
Total Operating Expenses.....	\$6,256,693.23	\$4,756,449.54	\$11,013,142.77	\$6,199,823.16	\$4,547,629.04	\$10,747,452.20	\$265,639.57
Net Operating Revenue....	\$8,798,449.07	\$9,176,056.03	\$17,974,505.10	\$8,133,570.44	\$7,643,380.48	\$15,776,950.92	\$2,197,554.18
Taxes .....	1,525,141.99	225,279.95	1,750,421.94	\$1,733,211.58	66,599.73	1,799,807.31	*49,385.37
Income from Operation....	\$7,273,307.08	\$8,950,776.08	\$16,224,083.16	\$6,400,358.86	\$7,576,781.75	\$13,977,143.61	\$2,246,939.55
Non-operating Income .....	25,634.88	385,389.28	411,024.16	24,529.00	977,246.43	1,001,775.43	**390,751.27
Gross Income .....	\$7,298,941.96	\$9,336,165.36	\$16,635,107.32	\$6,424,887.86	\$8,554,031.18	\$14,978,919.04	\$1,656,188.28
Interest and Sinking Fund on City Bonds .....							
Interest on Three-Year 5% Gold Notes called Sept. 1, 1909.		\$2,181,204.01	\$2,181,204.01		\$2,171,023.43	\$2,171,023.43	10,180.58
Interest on Three-Year 6% Gold Notes .....		83,333.33	83,333.33		500,000.00	500,000.00	*416,666.67
Interest on 5% Forty-five-Year Gold Mortgage Bonds....		1,388,980.00	1,388,980.00		1,469,240.00	1,469,240.00	*80,260.00
		593,308.32	593,308.32		30,041.67	30,041.67	563,266.65

Sinking Fund Interborough Rapid Transit Co. 5% Forty-five-Year Gold Mortgage Bonds .....	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	\$1,591,080.00	1,531,080.00	1,580,444.55	1,550,444.55	1,550,444.55	200,000.00
Interest on N. Y. El. RR. 5% Debenture Bonds .....	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	10,035.45
Manhattan Railway Rental (Organization) .....	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Guaranteed Dividend — 7% on Manhattan Ry. Co. Capital Stock .....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....		12,929.64	12,929.64	12,212.89	12,212.89	716.75
Interest on Unfunded Debt .....	97.50	232,908.11	232,005.61	361,227.99	366,133.38	*133,127.77
Other Rent Deductions .....	6,576.56	2,542.81	9,119.37			9,119.37
Total Income Deductions ..	\$5,857,754.06	\$4,695,206.22	\$5,845,349.94	\$4,543,745.98	\$10,389,095.92	\$163,864.36
Net Corporate Income .....	\$1,441,187.90	\$4,640,959.14	\$579,537.92	\$4,010,285.20	\$4,589,823.12	\$1,492,323.92
Dividends on Interborough Rapid Transit Co. Stock (9%)		3,150,000.00		3,150,000.00	3,150,000.00	
Surplus .....	\$1,441,187.90	\$1,490,959.14	\$579,537.92	\$800,285.20	\$1,439,823.12	\$1,492,323.92
Percent Expenses to Earnings:						
Excluding Taxes .....	41.56%	34.14%	43.25%	37.30%	40.52%	*2.53%
Including Taxes .....	51.69%	35.75%	55.34%	37.85%	47.30%	*3.27%
Passengers Carried .....	293,826,280	268,962,115	276,250,196	238,430,146	514,680,342	48,108,053
Daily Average Passenger Carried .....	805,004	736,882	756,850	653,233	1,410,083	131,803

\*Decrease.

\*\*Decrease in Non-operating Income is largely due to the policy inaugurated July 1, 1909, of not crediting to the Income of the company the interest upon the advances made for the construction of the Belmont Tunnel.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT SHOWING RESULTS FROM OPERATIONS FOR THE YEARS ENDED JUNE 30, 1906 TO 1910 INCLUSIVE.

*Note—The results for the year 1910 are hereinbelow stated in conformity with the rules of the "Uniform System" of accounting effective July 1, 1909; those for 1909 are so stated as nearly as possible, while for the years 1906, 1907 and 1908, the results are stated according to the rules and regulations then prevailing.*

	YEAR ENDED JUNE 30.				
	1906	1907	1908	1909	1910
Earnings from Operation .....	\$19,695,594	\$22,363,802	\$24,059,299		
Gross Operating Revenue.....				\$26,524,394	\$28,987,648
Operating Expenses .....	8,400,824	9,593,331	10,722,694	10,747,443	11,013,143
Net Earnings .....	\$11,294,770	\$12,770,471	\$13,336,605		
Net Operating Revenue.....				\$15,776,951	\$17,974,505
Taxes .....	1,390,560	1,377,965	1,586,466	1,799,807	1,750,422
Net Earnings less Taxes.....	\$9,904,210	\$11,392,506	\$11,750,139		
Income from Operation .....				\$13,977,144	\$16,224,083
Other Income .....	715,503	815,833	1,220,170	1,001,775	411,024
Non-operating Income .....				\$14,978,919	\$16,635,107
Gross Income .....	\$10,619,713	\$12,208,339	\$12,970,309		
Interest on Bonds and Three-Year Gold Notes, Rentals, Sinking Fund and Amortization Charges (including Manhattan Guarantee) .....	7,450,823	8,491,895	9,269,650	10,389,096	10,552,960
Net Corporate Income .....	\$3,168,890	\$3,716,444	\$3,700,659	\$4,589,823	\$6,082,147
Dividends .....	2,887,500	3,150,000	3,150,000	3,150,000	3,150,000
Surplus .....	\$281,390	\$566,444	\$550,659	\$1,439,823	\$2,932,147
Percent Expenses to Earnings.....	42.65%	42.89%	44.57%	40.52%	37.99%
Passengers Carried .....	395,716,386	449,287,884	483,285,640	514,680,342	562,788,395

# INTERBOROUGH RAPID TRANSIT COMPANY

## ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED

JUNE 30, 1910 AND 1909.

Description	1910	1909	Increase
Interest and Sinking Fund on City Bonds .....	\$2,181,204.01	\$2,171,023.43	\$10,180.58 (1)
Interest on Three-Year 5% Gold Notes	83,333.33	500,000.00	*416,666.67
Interest on Three-Year 6% Gold Notes	1,388,980.00	1,469,240.00	*80,260.00
Interest on 5% Forty-five-Year Gold Mortgage Bonds .....	593,308.32	30,041.67	563,266.65
Sinking Fund 5% Forty-five-Year Gold Mortgage Bonds .....	200,000.00		200,000.00 (3)
Interest on Manhattan Railway Consolidated Mtgs. 4% Bonds.....	1,591,080.00	1,580,444.55	10,635.45 (4)
Interest on N. Y. Elev. RR. 5% Debenture Bonds .....	50,000.00	50,000.00	
Manhattan Railway Rental (Organization) .....	10,000.00	10,000.00	
Guaranteed Dividend—7% on Manhattan Railway Co. Capital Stock .....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	12,929.64	12,212.89	716.75
Interest on Unfunded Debt.....	233,005.61	366,133.38	*133,127.77 (5)
Other Rent Deductions.....	9,119.37		9,119.37 (6)
Total Income Deduction.....	\$10,552,960.28	\$10,389,095.92	\$163,864.36

\*Decrease.

### NOTES.

(1) Due to increase in amount of bonds issued by the City to provide means for construction of the Subway.

(2) Due to the retirement of \$10,000,000 5% Three-Year Gold Notes September 1, 1909; exchange of \$1,451,000 of Three-Year 6% Gold Notes due May 1, 1911, for \$1,462,000 of Forty-five-Year 5% Gold Mortgage Bonds (and \$3,656.51 in cash) during the year ended June 30, 1910, and issue of \$10,000,000 Forty-five-Year 5% Gold Mortgage Bonds in June, 1909.

(3) Accrual of the first Sinking Fund payment to be made to the Trustee November 1, 1910, in accordance with Article 11 of the Mortgage and Deed of Trust dated November 1, 1907, securing Forty-five-Year 5% Gold Mortgage Bonds.

(4) Due to the issue of \$300,000 Manhattan Railway Co. Consolidated Mortgage 4% Bonds in June, 1909, and adjustment of interest in connection therewith.

(5) Due to a reduction in the company's Unfunded Debt and the interest thereon.

(6) The charges constituting "Other Rent Deductions" were grouped with Operating Expenses for the year ended June 30, 1909.

# INTERBOROUGH RAPID TRANSIT COMPANY.

GENERAL BALANCE SHEET—JUNE 30, 1910.

## ASSETS

FIXED CAPITAL .....	\$41,418,609.66
INVESTMENTS .....	20,355,915.89

### ADVANCES TO ASSOCIATED COMPANIES:

Notes Receivable .....	\$6,736,829.45
Open Accounts .....	4,567,848.71
	<hr/>
	11,304,678.16

### CURRENT ASSETS:

Cash .....	\$278,713.34	
Accounts Receivable .....	2,857,531.06	
Bills Receivable .....	6,000.00	
Interest and Dividends Receivable.....	86,592.57	
Materials and Supplies.....	1,628,273.91	
Special Deposits:		
Equipment Fund on Deposit with Guaranty		
Trust Co. ....	1,475,563.36	
To meet Coupons due not presented.....	25,775.36	
To meet uncollected Dividends on Manhattan		
Railway Co. Capital Stock.....	35.00	
To meet Dividend due July 1, 1910, on Man-		
hattan Railway Co. Capital Stock.....	1,050,000.00	
To meet Dividend due July 1, 1910, on Inter-		
borough Rapid Transit Co. Capital Stock..	787,500.00	
	<hr/>	8,195,984.60
PREPAYMENTS .....		157,683.16
CONTINGENT ASSETS—STATE AND FEDERAL TAXES		
PAID UNDER PROTEST.....		726,095.52
ITEMS AWAITING DISTRIBUTION.....		9,495.42
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND		58,842.76
DEFERRED CHARGES—UNAMORTIZED DEBT DISCOUNT		
AND EXPENSE .....		1,588,328.73
TOTAL .....		<hr/> <hr/> \$83,815,633.90

# INTERBOROUGH RAPID TRANSIT COMPANY.

GENERAL BALANCE SHEET—JUNE 30, 1910.

## LIABILITIES.

CAPITAL STOCK ..... \$35,000,000.00

### FUNDED DEBT:

Forty-five Year Gold Mortgage Five Percent

Bonds .....\$13,052,000.00

Three-Year Six Percent Gold Notes dated May

1st, 1908 ..... 21,973,000.00

35,025,000.00

MANHATTAN RAILWAY LEASE ACCOUNT..... 377,322.73

ACCRUED AMORTIZATION OF CAPITAL..... 181,846.13

### CURRENT LIABILITIES:

Interest and Rentals Accrued, not due.....\$1,672,624.23

Coupons Due, not presented..... 25,775.36

Dividends April 1st, 1909, to April 1st, 1910, inclu-  
sive on Manhattan Railway Company Capital

Stock, unpaid ..... 35.00

Dividend due July 1st, 1910, on Manhattan Rail-  
way Company Capital Stock..... 1,050,000.00

Dividend due July 1st, 1910, on Interborough Rapid

Transit Company Capital Stock..... 787,500.00

Due for Wages ..... 263,832.26

Due Associated Companies ..... 893,388.66

Other Accounts Payable ..... 1,067,607.63

Taxes Accrued (of which only \$195,546.91 due—in

litigation) ..... 1,342,610.52

7,103,373.66

UNAMORTIZED PREMIUM ON DEBT..... 50,000.00

SINKING FUND RESERVE FOR 45-YEAR GOLD MORT-  
GAGE 5% BONDS ..... 200,000.00

PROFIT AND LOSS—SURPLUS ..... 5,878,091.38

TOTAL.....\$83,815,633.90

## MANHATTAN RAILWAY COMPANY

### CAPITALIZATION—JUNE 30, 1910.

Capital Stock (7% dividends guaranteed by Interborough Rapid  
Transit Co.) ..... \$60,000,000

Funded Debt:

Manhattan Railway Company Consolidated Mortgage 4% Bonds due 1990.....	\$39,761,000
Convertible Bond Certificates exchangeable for Man- hattan Railway Consolidated Mortgage 4% Bonds..	16,000
New York Elev. R.R. 5% Debenture Bonds due 1916...	1,000,000 40,777,000
Total Capital Stock and Funded Debt.....	<u>\$100,777,000</u>

Note—There is also outstanding \$13,000 Metropolitan Elevated Railway Co. First Mortgage 6% Bonds called for redemption July 1, 1908, to retire which there remains on deposit \$13,000 with the Central Trust Company of New York, Trustee.





1910-1911

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1911

PRINT  
JOHN WARD & SON  
NEW YORK



# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1911

ANDREW FREEDMAN.....	New York
EDWIN HAWLEY.....	New York
H. M. FISHER.....	Plainfield, N. J.
WILLIAM A. READ.....	New York
THEO. P. SHONTS.....	New York

### TERMS EXPIRE 1912

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
F. DE C. SULLIVAN.....	New York
CORNELIUS VANDERBILT.....	New York
One Vacancy.....	

### TERMS EXPIRE 1913

GERALD L. HOYT.....	New York
GARDINER M. LANE.....	Boston
JOHN PEIRCE.....	New York
ALFRED SKITT.....	New York
GEORGE W. YOUNG.....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
ANDREW FREEDMAN.....	New York
WILLIAM A. READ.....	New York
THEO. P. SHONTS.....	New York
CORNELIUS VANDERBILT.....	New York
One Vacancy.....	

## OFFICERS

GENERAL OFFICES, NO. 165 BROADWAY, NEW YORK CITY

Chairman of Board.....	AUGUST BELMONT, 23 Nassau St., N. Y. City
President and Chairman of Executive Committee.....	THEO. P. SHONTS
Asst. to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President.....	D. W. ROSS
Secretary.....	H. M. FISHER
Treasurer.....	J. H. CAMPBELL
Counsel.....	RICHARD REID ROGERS
General Attorney.....	JAS. L. QUACKENBUSH
Auditor.....	E. F. J. GAYNOR

Annual Stockholders' Meeting, Fourth Wednesday in September.



# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

---

No. 165 Broadway, New York, Sept. 1, 1911.

To the Stockholders:

Your Board of Directors submits herewith a report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1911:

#### MILEAGE JUNE 30, 1911

Divisions	Length of Road	Single Track	Two Tracks	Three Tracks	Four Tracks	Sidings, Etc.	Total Single Track
Subway .....	25.72	.63	10.46	7.13	7.50	12.37	85.31
Manhattan Railway.....	37.68	..	22.38	15.30	..	27.34	118.00
Total Miles.....	63.40	.63	32.84	22.43	7.50	39.71	203.31

The Subway Station at Atlantic Avenue, Brooklyn was extended .02 of a mile to accommodate ten-car trains, and the viaduct at West Farms was extended from 180th Street to 181st Street, a distance of .07 of a mile, making a total increase during the year in the length of the road of .09 of a mile, or .18 of a mile of track. Additional cross-overs and sidings were constructed at 238th Street and Broadway and in the 240th Street yard to the extent of 3.19 miles, making a total increase during the year in the track mileage of the Subway of 3.37 miles.

On the Manhattan Railway Division the spur track at the east end of the 34th Street Branch was removed, making a deduction of .03 of a mile of track during the year.

# EQUIPMENT OWNED OR LEASED BY YOUR COMPANY AS OF JUNE 30, 1911

The following equipment is owned or leased by your Company; that of the Subway Division being owned and that of the Manhattan Railway Division being leased for 999 years from the date of the organization of said Company, to wit.: November 1st, 1875.

## MANHATTAN RAILWAY DIVISION.

PASSENGER CARS:	1911	1910	Inc.	Dec.
Motor, closed .....	1016	972	44	..
Trailer, " .....	696	659	37	..
Trailer, open .....	36	36	..	..
Total .....	<u>1748</u>	<u>1667</u>	<u>81</u>	<u>..</u>

### SERVICE CARS:

Pay, motor .....	1	1	..	..
Instruction, motor .....	1	1	..	..
Drill, flat, " .....	1	1	..	..
Pay, trailer, closed .....	1	1	..	..
Supply, " " .....	16	14	2	..
Tool, " " .....	1	0	1	..
Ticket, " " .....	2	2	..	..
Flat, " .....	31	24	7	..
Hopper, " .....	5	5	..	..
Total .....	<u>59</u>	<u>49</u>	<u>10</u>	<u>..</u>
Total, Manhattan Railway Division .....	<u>1807</u>	<u>1716</u>	<u>91</u>	<u>..</u>

## SUBWAY DIVISION.

PASSENGER CARS:				
Composite, motor, closed .....	124	154	..	*30
Steel, " " .....	651	436	215	..
Composite, trailer, " .....	354	327	*27	..
Total ....	<u>1129</u>	<u>917</u>	<u>242</u>	<u>30</u>

### SERVICE CARS:

Pay, motor, closed .....	1	1	..	..
Instruction, motor, closed .....	1	1	..	..
Test, " " .....	1	1	..	..
Observation, " " .....	1	1	..	..
Steel, flat, " .....	7	7	..	..
Supply, trailer closed .....	0	2	..	† 2
Tool, " " .....	0	1	..	† 1
Pay, " " .....	1	1	..	..
Emergency pump, trailer .....	1	1	..	..
Wooden, flat, " .....	18	18	..	..
Steel, " " .....	15	5	10	..
Total .....	<u>46</u>	<u>39</u>	<u>10</u>	<u>3</u>
Total Subway Division .....	<u>1175</u>	<u>956</u>	<u>252</u>	<u>33</u>
Total Cars of all descriptions .....	<u>2982</u>	<u>2672</u>	<u>310</u>	<u>..</u>

\* 27 Motor cars converted into trailer cars. 3 cars destroyed.

† Transferred to Manhattan Railway Division.

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 1911

Gross Operating Revenue .....	\$29,767,352.18
Operating Expenses .....	12,368,981.66
Net Operating Revenue .....	17,398,370.52
Taxes .....	1,925,090.66
Income from Operation .....	15,473,279.86
Non-Operating Income .....	339,915.31
Gross Income .....	15,813,195.17
Interest and Sinking Fund on City Bonds .....	\$2,254,692.25
Interest on Interborough Rapid Transit Company Three-Year 6% Gold Notes due May 1, 1911 .....	576,980.00
Interest on Interborough Rapid Transit Company 5% Forty-five-Year Gold Mortgage Bonds .....	1,235,933.34
Sinking Fund on Interborough Rapid Transit Company 5% Forty-five-Year Gold Mortgage Bonds .....	300,000.00
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds .....	50,000.00
Manhattan Railway Rental, (Organization) .....	10,000.00
Guaranteed Dividend—7% on Manhattan Railway Com- pany Capital Stock .....	4,200,000.00
Amortization of Debt Discount and Expense .....	31,269.98
Interest on Unfunded Debt .....	416,292.94
Other Rent Deductions .....	6,909.90
Total Income Deductions .....	10,673,158.41
Net Corporate Income .....	5,140,036.76
Dividends on Interborough Rapid Transit Company Stock (9%) .....	3,150,000.00
Surplus .....	\$1,990,036.76
Per Cent. Expenses to Earnings .....	41.55%
Passengers Carried .....	578,154,088

Gross Operating Revenue for the year ended June 30, 1911, was \$29,767,352.18 as compared with \$28,987,647.87 last year, an increase of \$779,704.31 or 2.69%, the result of a gain on the Subway Division of \$420,700.90 or 3.02%, and on the Manhattan Railway Division of \$359,003.41 or 2.38%.

Operating Expenses were \$12,368,981.66 as compared with \$11,013,142.77 last year, an increase of \$1,355,838.89 or 12.31%, the result of an increase on the Subway Division of \$1,173,203.49 or 24.66%, and on the Manhattan Railway Division of \$182,635.40 or 2.92%. This increase

was largely due to the extraordinary expenditures resulting from changes in Subway equipment, made necessary in connection with the operation of ten-car express and six-car local trains, amounting to approximately \$770,000 during the year. The enlarged train service and the increase in wages of employes in the transportation departments of both divisions account for an additional \$373,000.

Net Operating Revenue was \$17,398,370.52 as compared with \$17,974,505.10 last year, a decrease of \$576,134.58 or 3.20%, the result of a loss on the Subway Division of \$752,502.59 or 8.20%, and a gain on the Manhattan Railway Division of \$176,368.01 or 2.00%.

The total amount of Taxes was \$1,925,090.66 as compared with \$1,750,421.94 last year, an increase of \$174,668.72 or 9.98%, the result of an increase on the Subway Division of \$43,157.99 or 19.16% and on the Manhattan Railway Division of \$131,510.73 or 8.62%. This increase in Subway Division taxes is substantially the amount of the Federal Tax for the year; the increase in the taxes of the Manhattan Railway Division is due to the Federal Tax and an increase in the Real Estate and Special Franchise Assessments.

Income from Operation was \$15,473,279.86 as compared with \$16,224,083.16 last year, a decrease of \$750,803.30 or 4.63%, the result of a loss on the Subway Division of \$795,660.58 or 8.89%, and a gain on the Manhattan Railway Division of \$44,857.28 or .61%.

Non-Operating Income was \$339,915.31 as against \$411,024.16 last year, a decrease of \$71,108.85 or 17.30%, the result of a decrease on the Subway Division of \$64,803.85 or 16.81%, and on the Manhattan Railway Division of \$6,305.00 or 24.59%. This decrease in non-operating income is principally due to the sale of the securities formerly constituting the Manhattan Guarantee Fund and the application of the proceeds thereof to the purchase of additional Subway equipment.

Gross Income was \$15,813,195.17 as compared with \$16,635,107.32 last year, a decrease of \$821,912.15 or 4.94%, the result of a loss on the Subway Division of \$860,464.43 or 9.21%, and a gain on the Manhattan Railway Division of \$38,552.28 or .52%.

Total Income Deductions were \$10,673,158.41 as compared with \$10,552,960.28 last year, an increase of \$120,198.13 or 1.14%, the result

of an increase on the Subway Division of \$120,295.63 or 2.56%, and a decrease on the Manhattan Railway Division of \$97.50. The analysis of these income deductions will be found on page 33.

The Net Corporate Income was \$5,140,036.76 as compared with \$6,082,147.04 last year, a decrease of \$942,110.28 or 15.49%, the result of a loss on the Subway Division of \$980,760.06 or 21.13%, and a gain on the Manhattan Railway Division of \$38,649.78 or 2.68%.

The Surplus over dividends of 9% on the capital stock was \$1,990,036.76 as compared with \$2,932,147.04 last year, a decrease of \$942,110.28 or 32.13%.

The percentage of operating expenses to gross operating revenue was 41.55% as compared with 37.99% last year, an increase of 3.56%, the result of an increase on the Subway Division of 7.17% and on the Manhattan Railway Division of .21%.

The total number of passengers carried was 578,154,088, as compared with 562,788,395 last year, an increase of 15,365,693 or 2.73%, the result of a gain on the Subway Division of 7,742,681 or 2.88%, and on the Manhattan Railway Division of 7,623,012 or 2.59%. The increase in the number of passengers carried during the year was distributed among practically all stations of the Subway and Manhattan Railway Divisions; the few exceptions were instances where the decreases were occasioned by local conditions.

## CAPITALIZATION

	1911	1910	Increase	Decrease
Capital Stock, 350,000 shares.....	\$35,000,000	\$35,000,000	.....	.....

## FUNDED DEBT

*Forty-five-Year Gold Mortgage 5%				
Bonds dated November 1, 1907....	\$30,552,000	\$13,052,000	\$17,500,000	.....
Three-Year 6% Gold Notes dated				
May 1, 1908, due May 1, 1911.....	35,000	21,973,000	....	\$21,938,000
Total ....	\$30,587,000	\$35,025,000	.....	\$4,438,000

## ONE-YEAR NOTES

One-Year 4½% Notes, dated April				
29, 1911.....	\$10,000,000	.....	\$10,000,000	.....

Of the \$21,973,000 Three-Year 6% Gold Notes due May 1, 1911, outstanding June 30, 1910, \$17,389,000 were presented prior to November 1, 1910, for exchange into \$17,500,000 of Forty-five-Year Gold Mortgage 5% Bonds dated November 1, 1907, as provided by the Collateral Trust Agreement dated May 1, 1908. The remaining \$4,584,000 of said notes have been paid, with the exception of \$35,000 thereof not yet presented for payment, for the redemption of which, however, there is now \$35,000 on deposit with the Trustee, the Guaranty Trust Company of New York.

The One-Year 4½% Notes were issued for the purpose of providing the funds required to meet the aforesaid \$4,584,000 of 6% Notes due May 1, 1911, not presented for exchange into 5% Bonds as called for by the agreement, and for the purchase of new equipment and other capital requirements.

## SINKING FUND

On November 1, 1910, the Company made the first annual payment required under the provisions of the Sinking Fund clause of the \$55,000,000 mortgage and deed of trust dated November 1, 1907, viz: \$300,000 and, in accordance with the provisions of the mortgage, the Trustee purchased for the Sinking Fund \$286,000 of the 5% Bonds at 103.74 and interest, viz: \$299,556.40.

\*These Bonds are listed on both the New York and London Stock Exchanges.

## **FIRE INSURANCE**

The fire fighting facilities of your Company were put to a severe and successful test on April 14 last when, shortly after midnight, fire broke out in the wooden grandstands and structures of the Polo Grounds, immediately adjoining the 159th Street elevated storage yards. Fifteen minutes after the alarm was given, the entire Polo Ground structures were a mass of flames, which were carried by a high southwest gale directly against and across the storage yard and elevated tracks. Several hundred cars were in the yard at the time but the tracks were emptied with such rapidity by the special squads of the Company's employees designated and trained for that purpose, that only seven cars (on the track immediately adjoining the Polo Grounds) were seriously damaged. The loss on both cars and structure, amounting to approximately \$45,000, was fully covered by insurance. Your Company was commended both by the City Fire Department and the Underwriters' Association on the excellent manner in which the fire was handled and a serious conflagration avoided.

Every precaution and safeguard against fire has been rigorously enforced during the year.

Your insurance rate has not been increased by the general advances in rates during the past year, owing to the fact that the insurance on all your properties was previously arranged under long term contracts at a time when lower rates prevailed.

## **REAL ESTATE**

During a generally dull year in real estate your properties remained well rented and collections were good.

Control was secured of a tract of about thirty-one acres of land in the Bronx, located at the terminal of the proposed elevated extension up White Plains Road. This property was the most available tract to be found for railroad yard purposes for the projected line. It was deemed advisable to control it, before the improvements referred to resulted in an advance of realty values in that section.

## **MAINTENANCE OF STRUCTURES, POWER PLANT AND EQUIPMENT**

The structures, equipment and other property of your Company have been maintained throughout the year at a high standard of efficiency, the following being some of the permanent improvements made and charged to current earnings.

### **MANHATTAN RAILWAY DIVISION MAINTENANCE OF WAY**

The work of renewing pins and pin plates and placing new seats on the floor beams for bearings of stringers on the Sixth Avenue elevated structure was continued throughout the year. These are reinforcements which, when completed, will add very greatly to the strength and stability of the structure.

Blockade signal bells were installed in all the ticket offices, the original installation having been made in north-bound ticket offices only.

The platform flooring on the west side of the South Ferry station was raised to the standard height. Similar work is being done over the entire division where renewals are necessary.

Two transformers and heavier wire in the lighting circuits were installed in the 128th Street shop pits.

Cables were extended from Sub-Station No. 8, north and south on the Third Avenue line, so as to increase the voltage on the contact rail.

A brick wall was constructed on the southerly side of 75th Street, west of the 74th Street Power Station, in place of the wooden fence at that point.

The elevated structure was reinforced north of 155th Street and Eighth Avenue under the tracks leased to the Putnam Division of the N. Y. C. & H. R. R. Co., for the purpose of accommodating heavier equipment.

The following additional signals were installed :

Five on the Sixth Avenue line, viz: One at Chambers Street, one at Franklin Street, one between 136th and 137th Streets, one south of 140th Street and one at 155th Street; and five on the Ninth Avenue line, viz: One at Rector Street, one at Gansevoort Street Tower, one at 14th Street and two at 53d Street and Ninth Avenue.

## MAINTENANCE OF POWER AND EQUIPMENT

The A. C. cables running from the 74th Street Power House to Sub-Station No. 3 and from the 74th Street Power House to the 59th Street Power House were withdrawn and relocated as additional feeders between 74th Street Power House and Sub-Stations No. 5 and No. 7, for the purpose of effecting a saving in the cost of cables and in the transmission of power.

Additional switching apparatus was installed in Sub-Stations, so as to avoid cutting off lighting in any section of the line owing to shut-down of Sub-Stations.

590 cars were equipped with coasting devices.

212 cars were equipped with new type shoe fuses.

472 cars were equipped with anti-climbers, to prevent telescoping in case of collision.

633 cars were equipped with improved fire extinguishers.

575 cars were equipped with Conductor's emergency valves.

All cars were equipped with destination signs.

## SUBWAY DIVISION

### MAINTENANCE OF WAY

Alterations were made on top floor of Sub-Station No. 17, in order to secure a room for the accommodation of the elevator maintenance force.

The wooden walks over drain pipes between tracks, East and West of the Harlem River tubes, were replaced with concrete construction and fire line pipes installed.

Tungsten lights were substituted for arc lights at 168th, 181st and Mott Avenue stations; for arc lamps at 148th Street Yard and for 32 c. p. carbon lamps at all other Subway stations, giving a greatly increased illumination with a reduction in the cost of current used.

A new track house was installed at the East end of the north-bound platform at Grand Central Station.

Train indicators were installed on all four tracks at Grand Central Station and at 14th Street on southbound local track for information of gap inspectors in spacing trains.

The woodwork was removed and fire-proof material substituted in subway buildings, signal cable boxing, etc., and tool boxes were covered with galvanized iron.

Drip pans were installed under the elevated structure on Westchester Avenue at Brook Avenue, at 242d Street Broadway Station, and over Bronx Street, 179th Street Yard.

Changes were made in interlocking at 145th Street and Broadway for the better protection of train movements.

#### MAINTENANCE OF POWER AND EQUIPMENT

A revolving screen was installed in the water chamber on the pier at the 59th Street power station to provide for increased circulating water on account of increased load.

Cables were installed for connecting the tie-in circuit breakers in the Subway.

Additional switching apparatus was installed in all Sub-Stations so as to avoid cutting off lighting in any section of the line owing to shut-down of Sub-Stations.

226 cars were equipped with anti-climbers, to prevent telescoping in case of collision.

727 cars were equipped with improved fire extinguishers.

181 cars were equipped with bus line resistance.

588 cars were equipped with electro-pneumatic brakes.

469 cars were equipped with new type drawbars.

238 composite cars were reinforced for installation of drawbars.

The installation of synchronizing governors for air compressors was completed.

## ADDITIONS AND BETTERMENTS

For the Year Ended June 30, 1911

Chargeable to Capital Account

### MANHATTAN RAILWAY DIVISION

Additional Fire Protection in Yard at 129th Street and 3rd Avenue.

Additional Fire Protection in Yard at 159th Street and 8th Avenue.

Additional high tension cables installed between 74th Street Power Station and Substations Nos. 5 and 7.

Additional Manhattan Railway Motor and Trailer cars and the electrical equipment thereof.

Additional Manhattan Railway Company steel flat cars.

Bridge over track, south end of 155th Street and 8th Avenue Station.

Canopies over station platform, 155th Street and 8th Ave.

Completing Reno escalator, 125th Street and 8th Avenue Station.

Employees' recreation buildings, 129th Street and 3d Avenue, Bronx Park and 3d Avenue and 158th Street and 8th Avenue.

Replacing Wooden Stairway at 125th Street and 8th Avenue with an iron stairway.

Installing new system of negative return circuits, all lines.

Reinforcing structure account of electrical equipment.

Completing the installation of 3,000 Kw. Rotaries in Substations Nos. 5 and 7.

Land Damages and Legal Expenses in connection therewith.

Making a total Charge to Manhattan Railway  
Company Construction Account of..... \$1,470,320.29

Brought forward..... \$1,470,320.29

SUBWAY DIVISION

Additional signals on Lenox Avenue Line

Additional cables between Power Station and the various Sub-stations.

Additional contact rail on the Westchester Branch.

Automatic stops on local tracks.

Additional coal handling apparatus at 59th Street Power Station.

Additional steel motor cars and the electrical equipment thereof.

Additional steel flat cars.

Additional Circuit Breakers.

Additional Cables from Sub-station No. 7 to 168th, 181st and 191st Street Stations.

Extension of the Inspection Shed at 148th Street and Lenox Avenue Yard.

Additional fire sprinkling apparatus at 137th Street and Broadway.

Completing the installation of 5 low pressure turbines at the 59th Street Power Station.

Completing the installation of 3,000 Kw. Rotaries in Sub-stations Nos. 13, 14 and 18.

Employees' recreation buildings, 180th Street West Farms, 242d Street and Broadway, 145th Street and Lenox Avenue and Dyckman Street and Broadway.

Lighting 181st Street Elevators and 191st Street Station.

Van Cortlandt Park Terminal, Yards, Shops etc.

Installing ceiling fans in cars.

Installing center side doors and door signalling device on Subway cars.

Extending station lighting system on account of extended platforms.

Making a total charge to Interborough Rapid Transit Company Fixed Capital Account of . . . . .	4,266,308.20
Total .....	<u>\$5,736,628.49</u>

## IMPROVEMENTS

### THE FOLLOWING PROGRESS HAS BEEN MADE IN IMPROVEMENTS INCORPORATED IN LAST YEAR'S REPORT:

The new station at St. Nicholas Avenue and 191st Street was opened for traffic on January 14, 1911.

Additional elevators at St. Nicholas Avenue and 181st Street were put in operation on March 1, 1911.

The terminal yard inspection shed at 240th Street and Broadway was put in service May 1, 1911.

The independent fire sprinkler system at 159th Street and Eighth Avenue Yard was completed during the year. An experimental test of this system was made in the presence of the officers of the City Fire Department and Underwriters Association with very satisfactory results.

The work of lengthening the inspection shed at 148th Street and Lenox Avenue, to accommodate ten-car trains, was completed during the year.

The Zoological Park and 180th Street Subway Station was opened for traffic on October 28, 1910.

The lengthened station platforms to accommodate six-car local and ten-car express trains were put in service, the former on October 24, 1910, and the latter on January 23, 1911.

The 100 additional cars ordered for the Manhattan Railway Division in 1909 have been received and 80 are in service, namely; 60 motor cars and 20 trailer cars.

The 100 additional cars ordered for the Manhattan Railway Division in 1910 have been received and 84 are in service, namely; 44 motor cars and 40 trailer cars.

The 325 steel cars ordered for the Subway Division have been received and 310 are in service.

Of the 20 steel flat cars ordered all have been received and ten have been placed in the Subway service and 7 in the Manhattan Railway Division service. One car is being equipped with a derrick and two as switching motors.

The equipment of all Subway express service cars with electrical synchronizing brake control added to the present type of pneumatic brakes and the substitution of new brake cylinders, as well as the installation of new drawbars and draft rigging so as to make them adaptable to the operation of ten-car express trains, have been completed. 119 of the local cars have also been equipped with these electrical brakes.

The additions to the power house equipment have all been received and installed, with the exception of a small portion of 124,000 feet of 2,000,000 C. M. paper insulated lead covered cable for the Subway.

The installation of the automatic coasting recorder, referred to in last year's report, on the cars of the Manhattan Elevated Railway Division has not only resulted in the saving of power amounting to many times its cost, but has caused a more uniform handling of trains in and out of stations, effecting a saving in time and wear and tear on the machinery. It is now being installed on the cars of the Subway Division, where it has already proven its efficiency.

THE FOLLOWING IMPROVEMENTS HAVE BEEN AUTHORIZED DURING  
THE FISCAL YEAR ENDED JUNE 30, 1911:

An additional contact rail on the West Farms Branch of the Subway Division was installed at a cost of \$60,000. This improvement was made for the purpose of operating both Elevated and Subway trains over that branch of the Subway, north of 149th Street and for protection against sleet.

Additional signals to protect curves at Simpson Street and Southern Boulevard and 174th Street, West Farms Branch, were authorized. This work has not yet been started.

Additional entrances and exits were authorized during the year at the Atlantic Avenue Subway Station in Brooklyn, and at Fulton and Dey Streets, 14th Street, Grand Central, 103d Street, 110th Street and 168th Street and Broadway, and 149th Street and Third Avenue Subway Stations at a cost of approximately \$490,000. This amount will be paid by the City and capitalized against the Company as extras under Contracts Nos. 1 and 2.

For the purpose of obtaining additional safety in the operation of trains in the Subway, all block signals located at curves and other

signal points on the local tracks are being equipped with automatic stops. This installation will be made at an expense of approximately \$50,000.

The airbrake emergency valves in the elevated railway motor cars which were equipped with two separate pull ropes on the inside and one on the outside of each car and the trailer cars with one pull rope at each end, causing considerable loss of time in the operation of the valves when quick action was required, were equipped with emergency cord running the entire length of the car and out onto the platform, so that in cases of emergency the brakes could be applied from any point in the car. This change was made at a cost of \$20,000.

The high-tension feeder cables and tie line connection leading to Sub-Station No. 18 of the Subway Division and Sub-Station No. 8 of the Manhattan Railway Division is being reinforced. This work, when completed, will cost approximately \$20,000. This reinforcement is being made for the purpose of protecting these sub-stations in case of an overload or short circuit.

The recreation rooms for employees located at the various terminal points of the Subway and Elevated lines have proven beneficial to the men and so satisfactory to the Company that it was deemed advisable to erect an additional recreation room on the Broadway Division of the Subway at Dyckman Street, where the Company lacked the necessary facilities for the proper protection of its men. This improvement will be made at an expense of approximately \$16,000.

For the purpose of making travel in the Subway as comfortable as possible under existing conditions experimental fans were installed in fifty Subway cars. Their use demonstrated that considerable relief could be afforded in this manner and that passengers could be made more comfortable. In consequence, authority was given to install fans in all of the express cars, a total of three thousand fans, this being the maximum number which could be installed during the summer, the cost of this installation amounting to approximately \$104,000.

Improvements were begun in the 159th Street Elevated Yard by the renewal of the bluff and interior yard wooden trestles supporting the railroad tracks, with iron structures. This change was deemed wise in view of the fact that a large part of the elevated cars for the west side

Elevated Division are stored in this yard and as the result of this substitution the fire risk will be greatly reduced. This construction will be done at a cost of \$76,000.

Additional stairways were authorized at 34th Street and Third Avenue and 86th Street and Second Avenue, uptown stations, at a cost of approximately \$7,000.

New bridges were erected between the Manhattan Railway Division 18th Street Station and Greenhut & Company's building at that point, and a connection was made with Gimbel Brothers building at the southwest corner of Sixth Avenue and 33d Street. The expense of these improvements was paid by the owners for whose benefit the work was done.

All of the Manhattan Railway Division and Subway cars were equipped with improved fire extinguishers.

Collapsible shoes were installed on all centre side doors in Subway cars. This device consists of a mechanical cushion attached to the edge of the door and causes the door to rebound the instant it comes in contact with any obstruction, however slight. After the obstruction has been removed the door closes automatically.

## MISCELLANEOUS

There was an increase in the General Law Expenses of your Company for the year ended June 30, 1911 of \$39,384.09 due principally to the amount paid associate counsel during 1911 for services rendered prior to that year in connection with Manhattan Railway Company franchise tax cases for the years 1906, 1907 and 1908; in the matter of allowances against special franchise tax on account of the payment of 5% tax on Ninth Avenue Elevated line net earnings and in connection with the proceedings to review assessment for tax on real estate of the Manhattan Railway Company. This increase was partially offset by a decrease in payments for accidents and damages, making the net increase in general expenses for the year \$28,403.69.

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The claims of the Rapid Transit Subway Construction Company (all of the stock of which Company is owned by your Company) against the City of New York, growing out of Construction Contract No. 1, aggregating over \$6,000,000, some of which were undoubtedly predicated upon erroneous assumptions of the rights of the respective parties under the contract, and the counterclaims of the City of New York, aggregating over \$3,000,000, which claims and counterclaims had been in process of arbitration, without definite results, for several years, were adjusted at an informal conference between counsel for the Company and counsel for the City, held at Saratoga, August 16-24, 1910 and the net sum due the Company from the City was agreed to be fixed at \$2,260,534.58. This adjustment, which was not only fair to the City and to the Company, but was the only practical method by which this very complicated and costly dispute could be disposed of at all, was approved by the directors of the Company and by the Public Service Commission, and formally passed to the Comptroller of the City. The Comptroller raised certain objections based apparently upon a misapprehension of the facts to which the late Mr. Edward M. Shepard for the City made a comprehensive reply. The matter is still held up in the Comptroller's office; but it is hoped that favorable action will be taken in time to provide for the compromise payment in the next issue of municipal bonds. The controversy between the City and the Company over these extras is not as important as the magnitude of the claims would seem to indicate, as the chief practical advantage to the Company of receiving an allowance, in view of

the fact that any allowance made is necessarily capitalized against the Company, is a slight saving to the Company in interest. Upon the other hand, the cost of carrying on an active arbitration is out of proportion to this benefit.

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After prolonged negotiations an assignment has been obtained from the estate of John B. McDonald to the construction portion of Subway Construction Contract No. 1. At the same time all claims between John B. McDonald and the Interborough interests have been adjusted and disposed of.

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On January 15, 1911, your Company began the publication of a monthly periodical known as the "Interborough Bulletin" for free distribution among employees. This was done with a view to placing the various departments in closer touch with each other and with the employees generally for the purpose of creating a more perfect understanding of the working conditions connected with the operation of the property, and to secure by courteous and considerate treatment of passengers more friendly relations between employees and the public.

It was also anticipated through this medium to obtain an interchange of views and opinions between all classes of employees, so far as they relate to the management and maintenance of the corporate business, by inviting suggestions from the men who come in personal contact with the travelling public as to the best manner of securing the convenience and comfort of passengers.

The results so far obtained have been exceedingly gratifying and the usefulness of the publication is being extended with each issue. The Bulletin is also being mailed to all stockholders of record and the Company will publish from time to time matters of interest exclusively to holders of its securities.

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Aside from the improvements included in this report for the fiscal year ended June 30, 1911, your Directors have, since that date, authorized the installation of centre side doors in all of the Subway cars comprising the local service at an expense of \$530,500. This will complete the side door equipment for the Subway. We have also equipped 800 cars with 32 c.p. Tungsten lamps in place of the 16 c.p. carbon lamps formerly in use. While these lamps give a much more brilliant light they have only recently been perfected to better withstand vibration and their installation is therefore more or less in the nature of an experiment.

These and other improvements are in line with our policy of anticipating the necessities of the travelling public in so far as the limitations of the Subway will permit. Undue congestion during the rush hours cannot of course be avoided but constant efforts are being made to reduce the inconvenience and discomforts arising therefrom. The use of courtesy and consideration on the part of employes in their intercourse with passengers is a matter of great importance and to insure this a separate Complaint Bureau has been established where criticisms and suggestions from the public are welcomed and receive prompt attention. Your management has also endeavored to add to the comfort of employes and to obtain a more pleasing effect by the substitution of white duck uniforms during the hot weather for the heavier blue uniforms previously used. These uniforms are furnished to the men without cost and the laundry expense is also assumed by your Company.

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The privilege of free transportation to and from Van Cortlandt and Bronx Parks on certain days during the Summer months has been extended to all charitable organizations that are officially recognized by the Department of Charities of the City of New York and is open to women and to children under fourteen years of age. This privilege we are pleased to state has been very freely availed of.

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## OPERATIONS OF THE LEGAL DEPARTMENT IN THE ADJUSTMENT OF CLAIMS

### INJURIES AND DAMAGES

	1911	1910	Decrease	Increase	Per cent
Claims, suits and judgments .....	\$184,069.52	\$214,198.44	\$30,597.60		14.3
Expenses.....	114,971.43	107,411.53		\$8,028.58	7.5

During the year 111 personal injury actions were tried resulting in verdicts aggregating \$17,130. Of this amount \$6,000 will be paid by the City of New York under the contract for lowering the Second Avenue Elevated tracks for the Manhattan bridge approach. This leaves \$11,130 against the Company compared with \$27,372 last year.

The plaintiffs were unsuccessful in over two-thirds of the cases tried and the average verdict recovered was \$330 less than last year.

The Company was obliged to pay only \$9,015.30 in judgments during the year and only \$1,622.88 in judgments are pending on appeal against \$19,998 on appeal at the close of the last fiscal year.

The Company voluntarily settled 1620 claims without waiting for a suit to be brought, and compromised 180 suits before trial, and it is believed that this liberal policy, which has now been followed for several years, is one of the reasons for the favorable results of the cases tried. It is becoming pretty well understood in this community that this company will not permit a claim against it to go to trial unless it is either fraudulent or exorbitant.

There has not been any increase in the volume of litigation out of proportion to the increase in the number of passengers carried. The passengers increased 15,365,693, but there were only 13 more actions in the Supreme Court although as last year there was an increase in the number of petty actions in the lower courts.

The disbursements in payment of claims, suits and judgments amounted to 0.62% and the expenses of the legal and claim departments were 0.38% of the gross operating revenue, an aggregate of 1% for the year and a decrease of \$22,569.02.

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1911

### FINANCIAL STATEMENT

Receipts to June 30, 1910, inclusive . . . . . \$245,429.24

*Receipts for year ended June 30, 1911.*

Contributions from members . . . . .	\$80,310.08	
Interest on investments and bank balances . . . . .	2,640.69	82,950.77
<b>Total Receipts</b> . . . . .		<b>\$328,880.01</b>

Disbursements to June 30, 1910, inclusive . . . . . \$182,961.95

*Disbursements for year ended  
June 30, 1911.*

Accident Benefits Paid . . . . .	\$5,031.00	
Sickness Benefits Paid . . . . .	42,314.25	
Death Benefits Paid . . . . .	37,485.27	
Contributions Refunded . . . . .	725.08	85,555.60
<b>Total Payments</b> . . . . .		<b>\$268,517.55</b>

Cash on hand June 30, 1911 . . . . . \$1,019.70

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost . . . . .	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4¼% Bonds, due 1960, at cost . . . . .	15,255.41	58,842.76
		<b>\$59,882.46</b>

### MEMBERSHIP STATEMENT

Membership June 30, 1910 . . . . .	5687
Employes admitted to membership during year ended June 30, 1911 . . . . .	2442
Loss account of resignations, dismissals, deaths, etc . . . . .	2100
<b>Net gain during year</b> . . . . .	<b>342</b>
<b>Total membership June 30, 1911</b> . . . . .	<b>6029</b>

During the year the Medical Examiners have made 4956 calls on disabled members.

## TAXES

The appeal in the stockholders' action to enjoin the Company and its directors from paying the Federal Excise Tax on corporations imposed under the authority of the Act of Congress, passed in August, 1909, was, with the similar cases brought to test the constitutionality of that act, reargued before the United States Supreme Court in January of this year. The Court apparently did not consider that the peculiar conditions under which this Company operates the municipally owned Subway were sufficient to distinguish its case from others before the Court for the tax was upheld on the same broad general grounds as were assigned in the other test cases. The decision means an additional tax burden upon this Company of approximately \$61,000 a year.

Last Fall the New York Court of Appeals made its decision in the appeal involving the question as to the right of the Comptroller of the State of New York to assess this Company for the State Franchise Tax measured by a percentage upon Subway earnings and upon dividends paid in excess of four per cent. The effect of the decision is somewhat different from that forecasted by the decision of the Appellate Division of the Supreme Court, referred to in the last annual report, since the Court of Appeals held that the Company had been wrongfully assessed with respect to its Subway earnings under a section which related only to street surface or elevated railroad companies. The Court did not decide finally that the Company was not subject to any general franchise tax on its corporate existence with respect to its Subway earnings, but left that matter for later determination. The practical effect of the decision means a cancellation and credit to the Company of taxes already paid to the amount of \$134,933.97 and a saving in future of between \$50,000 and \$60,000 a year.

In another test case, involving the question as to the taxable status of power house, sub-station sites, buildings and machinery, the New York Court of Appeals has recently decided that the exemption from taxation given to the subway operator by the provisions of the Rapid Transit Act is not broad enough to include the power house and sub-station sites and buildings, but that the machinery is not taxable. The decision with respect to the buildings was not contemplated and has necessitated the paying of taxes which have accrued since the opening of the Subway amounting to about \$475,000. The decision means an increase in future taxes of approximately \$60,000 a year.

The appeal in the proceeding involving the special franchise assessment on the elevated lines of the Manhattan Railway Company was argued in June of this year, but the decision has not yet been rendered.

## SUBWAY AND ELEVATED EXTENSIONS

At the beginning of the present fiscal year, July 1, 1910, your Company had a proposal before the Public Service Commission for the construction of elevated improvements and before the Mayor and the Commission its suggestions for the extension of the present Subway System by the use of City money, and its equipment and operation by the present Company for a universal five-cent fare. This in our opinion constituted the most practical method of economic Subway development, embodying as it did the maximum of facilities for the minimum expenditure of money and giving to the passenger the quickest relief and to the City the earliest return on its investment and the release of its bonds for use over again for further Subway extensions. After a year of arduous but futile negotiations both with the Public Service Commission and the Board of Estimate and Apportionment, during which every effort was made to reach a definite conclusion, we are of the same opinion still.

Having in mind these general principles and using them as a basis for negotiations, after innumerable conferences and the granting on the part of your Company of numerous concessions a plan for the construction of a comprehensive Subway System and its operation for a five-cent fare was finally evolved and embodied in a proposition to the Public Service Commission under date of December 5, 1910. This proposition involved the expenditure of approximately \$128,000,000 on subways alone, \$53,000,000 of which was to be contributed by the City and the balance by your Company in addition to the expenditure of \$32,000,000 for elevated improvements and a contribution to the City of the Belmont Tunnel costing \$10,000,000, of which \$1,500,000 only was to be contributed by the City for the completion thereof. After exacting certain further modifications this proposition was provisionally accepted by the Public Service Commission and forwarded to the Board of Estimate and Apportionment on December 20, 1910, with a view to obtaining the concurrence of that body before entering upon preparation of detailed contracts and specifications. On receipt of the communication from the Public Service Commission the Mayor appointed a special committee of the Board of Estimate and Apportionment to act in conjunction with the Public Service Commission to which committee the whole subject was referred for investigation and report. A long series of conferences followed during which fresh demands were made upon your Company in entire disregard of previous concessions made to the Public Service

Commission. Subsequently a long list of these demands were compiled and submitted in writing. Some of them your Company was able to meet and as a result an amended proposition was forwarded to the Joint Conference Committee on May 9, 1911, embodying additional new lines and equipment and increasing the expenditure from \$128,000,000 to \$167,745,000, of which amount your Company agreed to contribute \$99,524,500, making a total contribution on the part of the Company, including elevated improvements and the Belmont Tunnel, of \$133,824,500—almost \$2.00 for each \$1.00 invested by the City.

After some further negotiations the special committee submitted a report of its conclusions on June 5, 1911. This report involved the construction of two competing lines, paralleling to a large extent the existing lines in Manhattan and giving to a competing company the principal part of the short-haul traffic, on which your Company is naturally dependent for its profit in order to compensate it for its long-haul business which it carries at a loss. Although the peculiar features of the report made it practically an ultimatum based on conditions which had never been agreed upon, it was nevertheless carefully considered by the officers and directors of your Company and it was the unanimous opinion that its acceptance was wholly impossible. Accordingly it was declined in our letter to the Joint Conference Committee dated June 27, 1911, and a full explanation of our reasons for so doing was given in an accompanying memorandum.

Following this action on the part of your Company overtures were made by disinterested parties for the submission of an entirely new proposition covering only the lines which the Joint Committee's report recommended be given to the Interborough Company. Such a proposition to conform to the radical changes suggested in the report had necessarily to be based on entirely new premises. After various conferences with the Joint Committee, it was agreed that the terms applying to the other routes mentioned should also apply to what were designated as Interborough lines, except that approximately one-half of the construction money should be furnished by your Company and the other half by the City. It was further agreed that before any proposition was actually presented it should be informally sanctioned, not only by the Conference Committee but also by the other members of the Board of Estimate and Apportionment, or at least by a sufficient number to insure its adoption. It was under these circumstances that the last proposition of your Company was

submitted, every feature of it having been first discussed and agreed to in advance. As finally submitted it had the unofficial approval of a majority of the Board of Estimate and Apportionment, and assurances were given that it met all of the City's requirements and would be favorably acted upon. Notwithstanding these assurances and the further fact that it was strongly recommended by the Joint Conference Committee as the best solution of the subway problem it failed of adoption. This left your Company with no proposition before the City except its offer of June 10, 1910, to third-track and extend its Elevated lines.

After the City authorities rejected the Subway overtures of this Company, they prepared and submitted to this Company, without further conferences with this Company, two certificates; one for building certain elevated extensions in the Bronx and one for completing the third track upon the Elevated lines. An examination of these certificates, however, has shown that it is impossible for this Company or the Manhattan Company to accept them. Practically all the objectionable features to the third-tracking certificates, which were pointed out when these certificates were first under consideration with the public authorities many of which were then apparently conceded, have been retained, and other objectionable features have been added. The Company under the terms of the certificates now tendered cannot treat the necessary expense of financing as a part of cost, and the cost of financing would thus fall as a total loss upon the Company in event that the City, under the recapture provision, should take back the new lines after ten years. The equipment likewise might be taken over at an obsolescent valuation, thus entailing a tremendous loss upon the Company in that regard. The Company is likewise asked to leave to the Public Service Commission the power to prescribe service and facilities and to reduce the five cent fare if, in its discretion, it deems that rate unreasonable. Such deferred maintenance charges as the Commission might hold to exist may be required to be taken up. In these franchises the Company is asked to pay in effect one-half of all increased future profits, not only from property covered by the new franchises but from the old Elevated System as well, and at the end of twenty-five years, if the certificates be renewed, the Company is required to pay as a minimum a sum equal to 130 per centum of all future profits in excess of the average profits for the last two years.

Although all efforts upon the part of your Company to procure the construction of new Subways and Elevated lines have been

rejected by the public authorities, your Company will still continue to carry out its policy of improving the service and of adding facilities to the present system to make it equal, as far as possible, to the ever increasing traffic. The extent to which this policy has been carried on in the past will appear from the fact that during the last two years your Company has paid out over \$8,000,000 for improvements, or \$2,000,000 in excess of the amount paid out in dividends to stockholders during the same period. The time has doubtless come when these stockholders are entitled to some increased distribution. Notwithstanding these large expenditures it is manifest that the present system of itself cannot through improvement of service and facilities alone provide for the constantly increasing stream of travel on the Island of Manhattan. The only practical relief seems to be in carrying out the original policy of completing the Subway H, making through trunk lines upon both the East and West Side. Towards the construction and operation of these natural extensions this Company should always stand ready to cooperate with the public authorities to the best of its ability and to the limit of its financial resources.

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It is my painful duty to announce the death on November 1, 1910 of General James Jourdan, one of the incorporators and a director and member of the Executive Committee of this Company from its inception, and prominently identified with the construction and operation of the present Subway. General Jourdan was a man of the highest character whose knowledge, experience and sound judgment were of inestimable value to your Company and his loss is severely felt.

The death of Mr. John B. McDonald, the Contractor for the construction of the present Subway and one of the original incorporators of your Company, occurred in this City on March 17, 1911. As a mark of respect to his memory all Subway trains were stopped for two minutes on the day of his funeral and all stations draped in black. Mr. McDonald obtained the contract for the construction of the Subway in 1900 and was prominently identified with the incorporation of the Rapid Transit Subway Construction Company, organized to carry on the work, both as an officer and a director and later on with the Interborough Rapid Transit Company organized to operate the property. His genius for construction work and his wide experience in that field were of great value during the trying period of construction and contributed very materially to the success of the enterprise.

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Appreciative acknowledgment is made of the efficient service rendered the Company and its patrons by the officers and employees during the year.

Respectfully submitted, by order of the Board of Directors.

THEODORE P. SHONTS,  
*President.*

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1911 AND 1910.

	1911			1910			Increase
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$15,094,332.69	\$13,829,604.43	\$28,923,937.12	\$14,723,223.62	\$13,443,804.66	\$28,167,028.28	\$756,908.84
Other Street Railway Operating Revenue.....	319,813.02	523,602.04	843,415.06	331,918.68	488,700.91	820,619.59	22,795.47
Gross Operating Revenue..	\$15,414,145.71	\$14,353,206.47	\$29,767,352.18	\$15,055,142.30	\$13,932,505.57	\$28,987,647.87	\$779,704.31
Operating Expenses:							
Maintenance of Way and Structures.....	\$887,679.46	\$694,070.29	\$1,581,749.75	\$849,625.64	\$664,443.81	\$1,514,069.45	\$87,680.30
Maintenance of Equipment....	1,001,142.24	1,561,658.18	2,562,800.42	881,566.44	792,221.48	1,673,787.92	\$89,012.50
Traffic.....	829.30	916.94	1,746.24	3,079.19	1,129.92	4,209.11	*2,462.87
Transportation Expenses.....	3,980,524.92	3,129,985.04	7,110,509.96	3,887,831.85	2,849,472.84	6,737,304.69	\$373,205.27
General Expenses.....	569,152.71	543,022.58	1,112,175.29	634,590.11	449,181.49	1,083,771.60	28,403.69
Total Operating Expenses.....	\$6,439,328.63	\$5,929,653.03	\$12,368,981.66	\$6,256,693.23	\$4,756,449.54	\$11,013,142.77	\$1,355,838.89
Net Operating Revenue.....	\$8,974,817.08	\$8,423,553.44	\$17,398,370.52	\$8,798,449.07	\$9,176,056.03	\$17,974,505.10	*\$576,134.58
Taxes .....	1,656,652.72	268,437.94	1,925,090.66	1,535,141.99	225,279.95	1,750,421.94	174,668.72
Income from Operation ....	\$7,318,164.36	\$8,155,115.50	\$15,473,279.86	\$7,273,307.08	\$8,950,776.08	\$16,224,083.16	*\$750,803.80
Non-Operating Income.....	19,329.88	320,555.43	339,915.31	25,634.88	355,389.28	411,024.16	*71,108.85
Gross Income.....	\$7,337,494.24	\$8,475,700.93	\$15,813,195.17	\$7,298,941.96	\$9,336,165.36	\$16,635,107.32	*\$821,912.15
Interest and Sinking Fund on City Bonds .....							
Interest on Three-Year 5% Gold Notes called September 1, 1909..		\$2,254,692.25	\$2,254,692.25		\$2,181,204.01	\$2,181,204.01	\$73,488.24
Interest on Three-Year 6% Gold Notes due May 1, 1911.....		576,980.00	576,980.00		83,333.33	83,333.33	*83,333.33
Interest on 5% Forty-five Year Gold Mortgage Bonds.....		1,235,933.34	1,235,933.34		1,388,980.00	1,388,980.00	*812,000.00
					593,303.32	593,303.32	642,625.02

Sinking Fund Interborough Rapid Transit Co. 5% Forty-five Year Gold Mortgage Bonds.....	300,000.00	300,000.00	200,000.00	200,000.00	100,000.00
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,591,080.00	1,591,080.00	1,591,080.00		
Interest on N. Y. El. R.R. 5% Debenture Bonds.....	50,000.00	50,000.00	50,000.00		
Manhattan Railway Rental (Organization).....	10,000.00	10,000.00	10,000.00		
Guaranteed Dividend — 7% on Manhattan Ry. Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00		
Amortization of Debt Discount and Expense.....	31,269.98	31,269.98	12,929.64	18,340.34	
Interest on Unfunded Debt.....	416,292.94	416,292.94	232,908.11	183,387.33	
Other Rent Deductions.....	883.34	6,909.90	2,542.81	*2,209.47	
Total Income Deductions....	\$5,857,656.56	\$10,673,158.41	\$4,695,206.22	\$10,552,960.28	\$120,198.13
Net Corporate Income.....	\$1,479,837.68	\$5,140,036.76	\$4,640,959.14	\$6,082,147.04	*\$942,110.28
Dividends on Interborough Rapid Transit Stock, (9%).....	3,150,000.00	3,150,000.00	3,150,000.00	3,150,000.00	
Surplus.. ..	\$510,199.08	\$1,990,036.76	\$1,490,959.14	\$2,932,147.04	*\$942,110.28
Per Cent Expenses to Earnings:					
Excluding Taxes.....	41.77%	41.55%	34.14%	37.99%	3.56%
Including Taxes.....	52.52%	48.02%	35.75%	44.03%	3.99%
Passengers Carried.....	301,449,292	578,154,088	268,962,115	562,788,395	15,365,693
Daily Average Passengers Carried.	825,889	1,583,984	736,882	1,541,886	42,098

\* Decrease.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT SHOWING RESULTS FROM OPERATIONS FOR THE YEARS ENDED JUNE 30, 1907 TO 1911 INCLUSIVE

*Note.—The results for the years 1910 and 1911 are hereinbelow stated in conformity with the rules of the "Uniform System" of accounting effective July 1, 1909; those for 1909 are so stated as nearly as possible, while for the years 1907 and 1908, the results are stated according to the rules and regulations then prevailing.*

	YEAR ENDED JUNE 30,				
	1907	1908	1909	1910	1911
Earnings from Operation.....	\$22,303,802	\$24,059,299			
Gross Operating Revenue.....			\$26,524,394	\$28,987,648	\$29,767,362
Operating Expenses.....	9,593,331	10,722,694	10,747,443	11,013,143	12,368,982
Net Earnings.....	\$12,770,471	\$13,336,605			
Net Operating Revenue.....	1,377,965	1,586,466	\$15,776,951	\$17,974,505	\$17,398,370
Taxes.....			1,799,807	1,750,422	1,925,090
Net Earnings less Taxes.....	\$11,392,506	\$11,750,139			
Income from Operation.....			\$13,977,144	\$16,224,083	\$15,473,280
Other Income.....	\$815,833	\$1,220,170			
Non-Operating Income.....			1,001,775	411,024	339,915
Gross Income.....	\$12,208,339	\$12,970,309	\$14,978,919	\$16,635,107	\$15,813,195
Interest on Bonds and Three-Year Gold Notes, Rentals, Sinking Fund and Amortization Charges (including Manhattan Guarantee) ...	8,491,895	9,269,650	10,389,096	10,552,960	10,673,158
Net Corporate Income.....	\$3,716,444	\$3,700,659	\$4,589,823	\$6,082,147	\$5,140,037
Dividends.....	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
Surplus.....	\$566,444	\$550,659	\$1,439,823	\$2,932,147	\$1,990,037
Per Cent Expenses to Earnings.....	42.89%	44.57%	40.52%	37.99%	41.55%
Passengers Carried.....	449,287,884	483,285,640	514,680,342	562,788,395	578,154,088

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1911 AND 1910

Description	1911	1910	Increase
Interest and Sinking Fund on City Bonds.....	\$2,254,692.25	\$2,181,204.01	\$73,488.24 (1)
Interest on Three-Year 5% Gold Notes.....		83,333.33	*83,333.33
Interest on Three-Year 6% Gold Notes.....	576,980.00	1,388,980.00	*812,000.00
Interest on 5% Forty-five-Year Gold Mortgage Bonds.....	1,235,933.34	593,308.32	642,625.02
Sinking Fund on 5% Forty-five-Year Gold Mortgage Bonds.....	300,000.00	200,000.00	100,000.00 (3)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,591,080.00	1,591,080.00	
Interest on New York Elevated Railroad 5% Debenture Bonds.....	50,000.00	50,000.00	
Manhattan Railway Rental, (Organization).....	10,000.00	10,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense.....	31,269.98	12,929.64	18,340.34 (4)
Interest on Unfunded Debt.....	416,292.94	233,005.61	183,287.33 (5)
Other Rent Deductions.....	6,909.90	9,119.37	*2,209.47
Total Income Deductions. . . .	\$10,673,158.41	\$10,552,960.28	\$120,198.13

\*Decrease

### NOTES

(1) Due to increase in amount of bonds issued by the City to provide means for the extending of Subway station platforms, constructing new stations and additional station entrances and exits.

(2) Due to the retirement of \$10,000,000 5% Three-Year Gold Notes September 1, 1909; exchange of \$17,389,000 Three-Year 6% Gold Notes due May 1, 1911, for \$17,500,000 of Forty-five-Year 5% Gold Mortgage Bonds (and \$64,645.37 in cash) during the Year Ended June 30, 1911, and the payment May 1, 1911, of the remaining \$4,584,000 6% Three-Year Gold Notes.

(3) Accrual of Sinking Fund began November 1, 1909 in accordance with Article 11 of the Mortgage and Deed of Trust dated November 1, 1907, securing Forty-five-Year 5% Gold Mortgage Bonds.

(4) Due principally to the amortization of the discount on \$10,000,000 4½% One-Year Notes Dated April 29, 1911.

(5) \$10,000,000 4½% One-Year Notes dated April 29, 1911 were issued for the purpose of providing funds for payment of the remaining \$4,584,000 Three-Year 6% Gold Notes due May 1, 1911, and retirement of temporary bank loans made for the purpose of paying for capital expenditures.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1911

## ASSETS

FIXED CAPITAL.....		\$45,952,657.33
INVESTMENTS .....		20,497,705.55
ADVANCES TO ASSOCIATED COMPANIES:		
Notes Receivable .....	\$6,851,829.45	
Open Accounts .....	4,634,562.29	11,486,391.74
CURRENT ASSETS:		
Cash .....	\$588,824.02	
Accounts Receivable.....	4,469,763.20	
Bills Receivable.....	6,120.00	
Interest and Dividends Receivable.....	92,711.09	
Material and Supplies.....	1,656,708.27	
Special Deposits :		
To meet Three-Year 6% Gold Notes due May 1, 1911	35,000.00	
To meet Coupons due not presented .....	29,350.60	
To meet uncollected Dividends on Manhattan		
Railway Co. Capital Stock.....	63.00	
To meet Dividend due July 1, 1911 on Manhattan		
Railway Co. Capital Stock.....	1,050,000.00	
To meet Dividend due July 1, 1911 on Inter-		
borough Rapid Transit Co. Capital Stock.....	787,500.00	8,716,040.18
SINKING FUND ON 5% FORTY-FIVE-YEAR GOLD MORTGAGE		
BONDS DATED NOVEMBER 1, 1907:		
On deposit with the Trustee .....	\$7,593.60	
Invested by Trustee in the purchase of 5%, Forty-five-		
Year Gold Mortgage Bonds.....	299,556.40	307,150.00
PREPAYMENTS.....		175,060.94
CONTINGENT ASSETS—STATE TAXES PAID UNDER PROTEST		665,299.01
ITEMS AWAITING DISTRIBUTION.....		171,402.62
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....		58,842.76
DEFERRED CHARGES:		
Unamortized Debt Discount and Expense.....	\$1,618,179.56	
Accrued Amortization of Capital .....	198,805.46	1,816,985.02
TOTAL.....		<u>\$89,847,535.15</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1911

## LIABILITIES

CAPITAL STOCK .....		\$35,000,000.00
FUNDED DEBT:		
Forty-five-Year Gold Mortgage Five Per cent Bonds..	\$30,552,000.00	
Three-Year Six Per cent Gold Notes dated May 1, 1908,—due May 1, 1911....	35,000.00	30,587,000.00
ONE-YEAR 4½% NOTES DATED APRIL 29, 1911.....		10,000,000.00
MANHATTAN RAILWAY LEASE ACCOUNT.....		377,822.73
CURRENT LIABILITIES:		
Interest and Rentals Accrued, not due .....	\$1,680,663.44	
Coupons Due, not presented.....	29,350.60	
Dividends April 1, 1909 to April 1, 1911, inclusive on Man. Ry. Co. Capital Stock, unpaid.....	63.00	
Dividend due July 1, 1911 on Manhattan Railway Co. Capital Stock.....	1,050,000.00	
Dividend due July 1, 1911 on Interborough Rapid Transit Co. Capital Stock.....	787,500.00	
Due for Wages.....	149,858.60	
Due Associated Companies.....	20,875.19	
Other Accounts Payable.....	1,059,849.68	
Taxes Accrued (of which only \$100,758.50 due in litigation)....	1,207,553.62	5,985,714.13
UNAMORTIZED PREMIUM ON DEBT.....		50,000.00
SINKING FUND RESERVE FOR FORTY-FIVE-YEAR GOLD MORTGAGE 5% BONDS (See Contra).....		507,150.00
PROFIT AND LOSS—SURPLUS.....		7,840,348.29
TOTAL .....		<u>\$89,847,585.15</u>

## MANHATTAN RAILWAY COMPANY

### CAPITALIZATION—JUNE 30, 1911

<b>Capital Stock</b> (7% Dividend guaranteed by Interborough Rapid Transit Company) .....	\$60,000,000
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**Funded Debt:**

Manhattan Railway Consolidated Mortgage 4% Bonds due 1990 .....	\$39,762,000	
Convertible Bond Certificates exchangeable for Manhattan Railway Consolidated Mortgage 4% Bonds ...	15,000	
New York Elevated Railroad Debenture Bonds due 1916	<u>1,000,000</u>	<u>40,777,000</u>
Total Capital Stock and Funded Debt....	<u>\$100,777,000</u>	

Note—There are also outstanding \$13,000 Metropolitan Elevated Railway Company First Mortgage 6% Bonds called for redemption July 1, 1908 to retire which \$13,000 remains on deposit with the Central Trust Company of New York, Trustee.





1911-1912

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1912

PRINT  
JOHN WARD & SON  
NEW YORK

## In Memoriam

---

EDWIN HAWLEY

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The Board of Directors of your Company at a meeting held on Wednesday, February 7, 1912, adopted the following resolution in memory of Edwin Hawley, a director of this Company since February 17, 1909, and a member of the Executive Committee, who died at his residence on February 1, 1912:

“RESOLVED: That the Directors of the Interborough Rapid Transit Company learn with deep grief of the loss of their revered associate Edwin Hawley, a man of sterling character whose advice and suggestions were of great assistance to the Company, and whose amiability and uniform courtesy will be held in loving remembrance by his colleagues; and it is

“FURTHER RESOLVED: That these resolutions be entered upon the minutes of the Company.”

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1912

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
F. DE C. SULLIVAN .....	New York
CORNELIUS VANDERBILT .....	New York
Vacancy .....	

### TERMS EXPIRE 1913

GERALD L. HOYT .....	New York
GARDINER M. LANE .....	Boston
JOHN PEIRCE .....	New York
ALFRED SKITT .....	New York
GEORGE W. YOUNG .....	New York

### TERMS EXPIRE 1914

ANDREW FREEDMAN .....	New York
H. M. FISHER .....	Plainfield, N. J.
WILLIAM A. READ .....	New York
THEO. P. SHONTS .....	New York
Vacancy .....	

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
ANDREW FREEDMAN .....	New York
WILLIAM A. READ .....	New York
THEO. P. SHONTS .....	New York
CORNELIUS VANDERBILT .....	New York
Vacancy .....	

## OFFICERS

GENERAL OFFICES, NO. 165 BROADWAY, NEW YORK CITY

Chairman of Board ..	AUGUST BELMONT, 43 Exchange Pl., N. Y. City
President and Chairman of Executive Committee ..	THEO. P. SHONTS
Asst. to President .....	W. LEON PEPPERMAN
Vice-President and General Manager .....	FRANK HEDLEY
Vice-President .....	D. W. ROSS
Secretary .....	H. M. FISHER
Treasurer .....	J. H. CAMPBELL
General Counsel .....	RICHARD REID ROGERS
General Attorney .....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR
Registrar of 45-Yr. Gold Mtge. 5% Bonds, TREASURER OF COMPANY	
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.	

Annual Stockholders' Meeting, Fourth Wednesday in September.

### MILEAGE JUNE 30, 1912

Division	Length of Road	Single Track	Two Tracks	Three Tracks	Four Tracks	Sidings, Etc.	Total Single Track
Subway .....	25.72	.63	10.41	7.18	7.50	12.37	85.36
Manhattan Ry.....	37.68	....	22.38	15.30	....	27.34	118.00
Total Miles....	63.40	.63	32.79	22.48	7.50	39.71	203.36

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1912.

To the Stockholders:

Your Board of Directors submits herewith a report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1912.

The comparative income account for the years ended June 30, 1912 and 1911 is:

#### COMPARATIVE STATEMENT OF INCOME ACCOUNT

YEAR ENDED JUNE 30	1912	1911	Increase Decrease*
Gross Operating Revenue .....	\$31,246,392.10	\$29,767,352.18	\$ 1,479,039.92
Operating Expenses .....	13,047,801.64	12,368,981.66	678,819.98
Net Operating Revenue .....	18,198,590.46	17,398,370.52	800,219.94
Taxes .....	1,979,430.97	1,925,090.66	54,340.31
Income from Operation .....	16,219,159.49	15,473,279.86	745,879.63
Non-Operating Income .....	1,305,200.29	339,915.31	965,284.98
Gross Income .....	17,524,359.78	15,813,195.17	1,711,164.61
Income Deductions .....	11,000,593.36	10,673,158.41	327,434.95
Net Corporate Income for the Year .....	6,523,766.42	5,140,036.76	1,383,729.66
Add:			
Surplus June 30, 1911 and June 30, 1910 .....	6,990,348.29	5,878,091.38	1,112,256.91
Tax Refunds and Other Credits.....	796,888.70	261,108.87	535,779.83
Totals .....	14,311,003.41	11,279,237.01	3,031,766.40
Appropriated for:			
Taxes Prior Years, Amortization, Capital Retirements and Other Charges .....	529,742.56	788,888.72	* 259,146.16
Dividends .....	5,250,000.00	3,500,000.00	1,750,000.00
Total Appropriations .....	5,779,742.56	4,288,888.72	1,490,853.84
Profit and Loss Surplus.....	\$ 8,531,260.85	\$ 6,990,348.29	\$ 1,540,912.56

The gross operating revenue for the year, amounting to \$31,246,392.10, shows an increase of \$1,479,039.92. After the payment of all charges and the regular dividend of ten per cent. upon the capital stock, the net surplus for the year was \$3,023,766.42. This amount includes \$900,000.00 received from the dividend on the capital stock of the Rapid Transit Subway Construction Company, the first dividend paid by that Company since its organization in 1900, leaving \$483,729.66 as a gain in surplus from the operations of the year. Excluding this \$900,000.00 the net corporate income for the year was \$5,623,766.42, equivalent to 16.07% on the capital stock of the Company as against 14.68% for the preceding year.

The operating expenses for the year were increased by approximately \$450,000 owing to extraordinary maintenance expenditures incidental to the work of bringing the Subway equipment up to the high standard required for the operation of ten-car trains. There was also an increase of about \$95,000 in Subway Division taxes due to an increase in taxes on real estate caused by a decision of the courts that the assessments of the power and sub-stations must include the value of the buildings whereas heretofore the taxes had been computed on the value of the sites only.

Your Directors declared an extra dividend of five per cent. during the year, which was paid by reason of the receipt of a dividend on the stock of the Rapid Transit Subway Construction Company owned by your Company and the refund to the Treasury of amounts previously charged against the income account of the Company and which did not appear in last year's balance sheet of the Company as part of surplus profits. Notwithstanding this payment, there was an increase in Profit and Loss surplus for the year of \$1,540,912.56.

The total number of passengers carried for the year was 607,244,697, an increase of 29,090,609, mostly obtained through the Subway Division. A large portion of this increase can be attributed to the enlargement of station platforms and the inauguration of a ten-car train service. The installation of electric fans and the comfort they contributed was also an important factor, and by reason of the improved Subway service many apartment houses that had been constructed during the last few years adjacent to the Subway lines were more generally occupied; moreover there was an increase of 2,200,000 in the number of tickets sold at the Atlantic Avenue, Brooklyn, station.

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 1912

Gross Operating Revenue .....	\$31,246,392.10
Operating Expenses .....	13,047,801.64
Net Operating Revenue .....	18,198,590.46
Taxes .....	1,979,430.97
Income from Operation .....	16,219,159.49
Non-Operating Income .....	1,305,200.29
Gross Income .....	17,524,359.78
Interest and Sinking Fund on City Bonds.....	\$2,312,943.28
Interest on Interborough Rapid Transit Company 5% Forty-five Year Gold Mortgage Bonds....	1,617,033.74
Sinking Fund on Interborough Rapid Transit Com- pany 5% Forty-five Year Gold Mortgage Bonds .....	329,692.50
Interest on Manhattan Railway Consolidated Mort- gage 4% Bonds .....	1,591,080.00
Interest on New York Elevated Railroad 5% Deben- ture Bonds .....	50,000.00
Manhattan Railway Rental, (Organization) .....	10,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Amortization of Debt Discount and Expense.....	97,086.74
Interest on Unfunded Debt .....	786,180.54
Other Rent Deductions .....	6,576.56
Total Income Deductions .....	11,000,593.36
Net Corporate Income .....	6,523,766.42
Dividends on Interborough Rapid Transit Company Stock, (10%— 5% extra).....	5,250,000.00
Surplus .....	\$ 1,273,766.42
Per Cent. Expenses to Earnings .....	41.76%
Passengers Carried .....	607,244,697

Gross Operating Revenue for the year ended June 30, 1912, was \$31,246,392.10 as compared with \$29,767,352.18 last year, an increase of \$1,479,039.92 or 4.97%, the result of a gain on the Subway Division of \$1,340,701.44 or 9.34%, and on the Manhattan Railway Division of \$138,338.48 or 0.90%.

Operating Expenses were \$13,047,801.64 as compared with \$12,368,981.66 last year, an increase of \$678,819.98 or 5.49%, the result of an increase on the Subway Division of \$588,215.04 or 9.92%, and on the Manhattan Railway Division of \$90,604.94 or 1.41%.

Net Operating Revenue was \$18,198,590.46 as compared with \$17,398,370.52 last year, an increase of \$800,219.94 or 4.60%, the result of a gain on the Subway Division of \$752,486.40 or 8.93%, and a gain on the Manhattan Railway Division of \$47,733.54 or 0.53%.

The total amount of Taxes was \$1,979,430.97 as compared with \$1,925,090.66 last year, an increase of \$54,340.31 or 2.82%, the result of an increase on the Subway Division of \$95,364.98 or 35.52%, and a decrease on the Manhattan Railway Division of \$41,024.67 or 2.47%.

Income from Operation was \$16,219,159.49 as compared with \$15,473,279.86 last year, an increase of \$745,879.63 or 4.82%, the result of a gain on the Subway Division of \$657,121.42 or 8.06%, and a gain on the Manhattan Railway Division of \$88,758.21 or 1.21%.

Non-Operating Income was \$1,305,200.29 as against \$339,915.31 last year, an increase of \$965,284.98 or 283.98%, the result of an increase on the Subway Division of \$932,845.11 or 290.98% and on the Manhattan Railway Division of \$32,439.87 or 167.82%.

Gross Income was \$17,524,359.78 as compared with \$15,813,195.17 last year, an increase of \$1,711,164.61 or 10.82%, the result of a gain on the Subway Division of \$1,589,966.53 or 18.76%, and on the Manhattan Railway Division of \$121,198.08 or 1.65%.

Total Income deductions were \$11,000,593.36 as compared with \$10,673,158.41 last year, an increase of \$327,434.95 or 3.07%, the result of an increase on the Subway Division of \$327,434.95 or 6.80%.

The Net Corporate Income was \$6,523,766.42 as compared with \$5,140,036.76 last year, an increase of \$1,383,729.66 or 26.92%, the result of a gain on the Subway Division of \$1,262,531.58 or 34.49%, and on the Manhattan Railway Division of \$121,198.08, or 8.19%.

The Surplus over Dividends of 15% (including an extra dividend of 5%) on the capital stock was \$1,273,766.42. On the basis of 10% dividends for each year the surplus for 1912 would be \$3,023,766.42, as compared with \$1,640,036.76 last year, an increase of \$1,383,729.66 of which \$900,000 was derived from the dividend on the capital stock of the Rapid Transit Subway Construction Company, leaving \$483,729.66 as a gain in surplus from the operations of the year.

The percentage of operating expenses to gross operating revenue was 41.76% as compared with 41.55% last year, an increase of 0.21%, the result of an increase on the Subway Division of 0.22% and on the Manhattan Railway Division of 0.21%.

The total number of passengers carried was 607,244,697 as compared with 578,154,088 last year, an increase of 29,090,609 or 5.03%, the result of a gain on the Subway Division of 26,269,060 or 9.49% and on the Manhattan Railway Division of 2,821,549 or 0.93%.

## CAPITALIZATION

	1912	1911	Increase
Capital Stock, 350,000 shares....	\$35,000,000	\$35,000,000	

## FUNDED DEBT

*Forty-Five-Year Gold Mortgage 5% Bonds dated November 1, 1907.....	\$33,959,000	\$30,552,000	\$3,407,000
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## SHORT TERM NOTES

One-Year, 4½% Notes due April 29, 1912.....	\$10,000,000	} \$5,000,000
Nine Months 5% Notes due January 29, 1913.....	\$15,000,000	

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The increase in outstanding Forty-Five-Year Gold Mortgage 5% Bonds, is due to the issuance of \$3,407,000 of said bonds to the Rapid Transit Subway Construction Company, December 22, 1911, in part payment of the excess cost of the Brooklyn Extension. On April 29, 1912, \$15,000,000 of Nine Months 5% Notes were issued for the purpose of providing funds for the payment of the \$10,000,000 4½% One-Year Notes and \$5,000,000 5% Notes dated September 6, 1911, due April 29, 1912, issued to meet further capital requirements for additions and betterments.

## SINKING FUND

On November 1, 1911, the Company made the second annual payment required under the provisions of the Sinking Fund clause of the \$55,000,000 mortgage and deed of trust dated November 1, 1907, viz: \$300,000 and, in accordance with the provisions of the mortgage, the Trustee purchased for the Sinking Fund \$301,000 of the 5% Bonds costing \$313,834.50, making a total of the 5% Bonds purchased for the Sinking Fund \$587,000, at a cost of \$613,390.90.

\*The above Forty-Five-Year Gold Mortgage 5% Bonds are listed on both the New York and London Stock Exchanges.

The Forty-five-Year Gold Mortgage Five Per Cent. Bonds, dated November 1, 1907, are secured by the following properties and collateral:

Land, buildings and machinery constituting main power house and electrical sub-stations as hereinafter described, together with all equipment, including rolling stock and motors, purchased pursuant to rapid transit contracts Nos. 1 and 2, or with bonds or the proceeds of bonds issued hereunder; all boilers, engines, wires, subway conduits, mechanisms, machinery, tools, implements and devices of every nature whatsoever now or at any time hereafter used by the Company for the generation or transmission of motive power, including all power houses, real estate necessary therefor, and all apparatus and devices for signaling and ventilation which have been or may hereafter be provided by the Company at its own expense pursuant to the provisions of rapid transit contracts Nos. 1 and 2, respectively, subject only to the lien reserved by the City of New York for the faithful performance of the above contracts:

Main Power House, covering block between 58th and 59th Streets and Eleventh and Twelfth Avenues, including property between 58th and 59th Streets extending west to the North River with bulkhead and 58th Street pier leasehold rights:

Sub-Power Station No. 11, located at Nos. 29, 31 and 33 City Hall Place; 58 ft. x 100 ft.;

Sub-Power Station No. 12, located at Nos. 108 and 110 East 19th Street, 50 ft. x 92 ft.;

Sub-Power Station No. 13, located at Nos. 225 and 227 West 53rd Street, 50 ft. x 100 ft.;

Sub-Power Station No. 14, located at 264 and 266 West 96th Street, 50 ft. x 100 ft.;

Sub-Power Station No. 15, located at Nos. 608 and 610 West 143rd Street, 50 ft. x 100 ft.;

Sub-Power Station No. 16, located at Nos. 73, 75 and 77 West 132nd Street, 58 ft. x 100 ft.;

Sub-Power Station No. 17, located on Hillside Avenue at junction of St. Nicholas Avenue on property approximately 393 ft. x 386 ft. x 208 ft.;

Sub-Power Station No. 18, located on Fox Street near Westchester Avenue, 50 ft. x 100 ft.;

Sub-Power Station No. 21, located at Nos. 29, 31 and 33 Willow Place, Brooklyn, 60 ft. x 100 ft.;

Ventilating Shaft, located at No. 58 Joralemon Street, 21 ft. x 74 ft.;

Real Estate with the buildings and improvements thereon not constituting part of the equipment of the Company under rapid transit contracts Nos. 1 and 2:

Boston Road (Bronx) Terminal Yards located between Boston Road and Bronx River and 177th and 179th Streets, being 177 ft. on Boston Road by approximately 345 ft. to Bronx River, and 219 ft. on Bronx Street;

Van Cortlandt Park Terminal Yards, located at Broadway and 242nd Street and containing about fourteen acres;

West Eighth Street, Long Island City, Property, located between Seventh and Eighth Streets and West Avenue and East River, being approximately 879 ft. x 120 ft.;

Long Island City Property, being land and buildings No. 179 Fourth Street, 25 ft. x 100 ft.;

The lease part of Subway Contract No. 1, dated February 21, 1900, between John B. McDonald and the City of New York, assigned to the Company July 10, 1902.

The lease part of Subway Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and the City of New York, assigned to the Company August 10, 1905.

The lease of the Manhattan Railway Company, dated January 1, 1903, and all of the term, leasehold estate and rights of the Company created thereby.

18,140 shares of capital stock of Subway Realty Company, par value \$100 each.

Indebtedness of Subway Realty Company to the Company in the sum of \$942,022.72 at six per cent. interest.

32,048 shares of the capital stock of New York & Queens County Railway Company, par value \$100 each.

2,500 shares of preferred stock of New York & Long Island Traction Company, par value \$50 each.

7,360 shares of common stock of New York & Long Island Traction Company, par value \$50 each.

\$500,000 face value of 4½% first mortgage bonds of New York & Long Island Traction Company.

3,000 shares of capital stock of Long Island Electric Railway Company, par value \$100 each.

\$300,000 face value of first mortgage 5% bonds of Long Island Electric Railway Company.

All additional shares of stocks and bonds of any of the above companies and also all other property, real and personal, hereafter acquired by the Company with any of the bonds secured hereby or with the proceeds of the sale of any such bonds.

## FIRE INSURANCE

During the past year your fire protection and fire-fighting facilities have been maintained in a high state of efficiency. No fire of any consequence occurred. Arrangements have been made to install additional high pressure water pipes for fire protection at the 179th Street and Third Avenue yard, at a cost of approximately \$30,000.

The system of inspection and supervision of your properties, from the standpoint of insurance and fire prevention, has been further perfected by installing a system of report blanks destined to place direct responsibility for defective conditions on the officer or employe having immediate charge of their correction. This is effected by having engineers, employed by your insurance representatives, make continuous rounds of the properties and send reports to your executive offices on three different colored forms; a red form indicating a dangerous condition requiring immediate correction, a green form indicating a less urgent condition but one requiring attention and a white form indicating recommendations for standardization at a given point.

The effect of this system is to rigidly and promptly enforce all possible precaution for fire prevention, and during the past twelve months your properties have been unusually free from fire loss of any kind.

The New York Board of Fire Underwriters have recently completed an especially severe inspection of your properties and their report, dated July 1, 1912, contains the following paragraph :

“As a matter of fact we wish to compliment you on the condition of the property generally, and we will be glad to co-operate with you in any way to facilitate an early disposition of the recommendations under consideration.”

These latter recommendations refer to matters already covered in the regular inspection service, and which were at that time receiving attention.

### REAL ESTATE

Despite a continued dull period in real estate, your properties have suffered no loss in revenue. The land at the northwest corner of Third Avenue and Ninety-eighth Street under the Elevated structure, was leased for twenty-one years at an aggregate rental of \$115,000, with provision for regaining possession of the property in case it should be decided to discontinue the use of the remainder of the block for shop and yard purposes. The Lessee is erecting a fireproof theatre on the plot at his own expense, under the supervision of the Chief Engineer of this Company and with the approval of the City authorities.

Your property north of 218th Street, east of Broadway, comprising six blocks, or approximately one hundred and forty-five lots, has enhanced in value through the continued building activities in the Dyckman section. During the coming year it is proposed to open and grade the streets through this property and to offer the lots for sale, with the exception of the dock front on the Harlem Ship Canal, which it seems best, in the interest of your Company, to retain, for the present at least.

## MAINTENANCE OF STRUCTURES, POWER PLANT, AND EQUIPMENT

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### Manhattan Railway Division

The work of strengthening and reinforcing the elevated structures, has been continued throughout the year.

Alterations have been made at the 14th and 23rd Street stations of the Third Avenue Line and the 14th, 23rd and 42nd Street stations of the Sixth Avenue Line, caused by the widening of these streets.

Extensions have been constructed to station platforms at various points for the purpose of facilitating train movements.

The wooden trestle in the 159th Street yard is being replaced with an iron structure, the work being about eighty per cent. completed.

Cables were extended north and south on the Third Avenue Line from sub-station No. 8 for the purpose of increasing the voltage on the contact rail.

The interlocking machine at 53rd Street and Sixth Avenue was renewed and semaphore signals installed in place of the old disk signals.

The signaling system on tracks Nos. 14 and 15 in the 129th Street and Third Avenue yards was improved to afford additional protection against accidents.

Additional pipe railings were installed at the 92nd Street and Second Avenue station for the further protection of passengers at that point.

Switching apparatus was installed in S. S. No. 4, 110th Street and Eighth Avenue, to supply power to a section of the New York Railways system.

The position of the duct line and cables at 60th Street and Second Avenue was changed on account of the proximity of a steam main.

Additional suspended tracks were constructed in the 159th Street yard for the purpose of effecting a saving in the coal handling expense.

20 cars were equipped with coasting device.

71 cars were equipped with new type shoe fuses.

123 cars were equipped with anti-climber devices.

941 cars were equipped with improved fire extinguishers.

1207 cars were equipped with Conductor's emergency valves.

Improvements were made to line switches.

Control and Motorman's cab were installed on four trailer cars for 34th and 42nd Street shuttles.

## Subway Division

The installation of distant controlled circuit breakers for an emergency connection between the Manhattan and Subway divisions at 149th Street and Third Avenue has been completed.

The substitution of fireproof material for ordinary wood in Subway buildings, signal cable boxes, etc., has been completed, as well as the installation of illuminated signs at express stations.

Drip pans were installed at important street crossings under the viaduct sections of the structure for the protection of pedestrians.

Pipe railings were placed on the stairways at the 181st, Astor Place and Times Square stations for the convenience of passengers.

Indicators connecting with section break signals were installed in the Bowling Green switch tower for the purpose of facilitating train movements.

Sanitary drinking fountains were installed in the various buildings of the Company.

Lateral drains were constructed in the vicinity of 121st Street and Broadway to carry the leakage water into the main drain tunnel.

Machine Shop at 59th Street Power House removed to the west end of the building, the necessary floor and steel work installed, and new office equipped in place formerly occupied by machine shop.

New interlocking arrangement between circuit breakers in sub-stations and middle of section in the Subway was installed.

The lighting feeders on 18 Subway passenger stations were looped to facilitate repairs.

A new fire pump and fire lines were installed on dock at 58th Street to protect the coal handling apparatus.

50 cars were equipped with anti-climber devices.

417 cars were equipped with improved fire extinguishers.

284 cars were equipped with bus line resistance.

231 cars were equipped with electro-pneumatic brakes including installation of new brake rigging.

867 cars were equipped with Tungsten lamps.

30 cars were equipped with sanitary handholds.

354 cars were equipped with coasting clocks.

**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED  
JUNE 30, 1912**

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**CHARGEABLE TO CAPITAL ACCOUNT**

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**Manhattan Railway Division**

Additional Station Stairway, southeast corner 34th Street  
and 3rd Avenue.

Additional Station Stairway, southeast corner 86th Street  
and 2nd Avenue.

Additional Passenger Station at 86th Street and Columbus  
Avenue.

Additional Feeders from Sub-station 6 and 7.

Additional Manhattan Railway motor and trailer cars  
and the electrical equipment thereof.

Additional Manhattan Railway steel flat cars.

Compressor house and compressors in 129th Street Yard.

Fire Protection in Yard at 159th Street and 8th Avenue.

Installing new system of negative return circuits—all  
lines.

New building erected in rear of sub-station No. 7.

New type of main engine governors installed in 74th  
Street Power Station.

Reinforcing structure account of electrical equipment.

3,000 K. W. rotaries in sub-station 5 and 7.

Land damages and legal expenses in connection therewith.

Making a total charge to the Manhattan Railway  
Company Construction Account of..... \$504,910.61

Brought Forward..... \$504,910.61

### Subway Division

Additional signals on Lenox Avenue and Broadway Lines.  
Additional machinery in shops at 148th Street and  
Lenox Avenue.

Additional cables between Power Station and various  
sub-stations.

Additional feeders from various sub-stations.

Additional circuit breakers.

Additional third rail, Westchester Branch.

Automatic Stops on local tracks.

Additional steel motor cars and electrical equipment  
thereof.

Emergency lighting outfits in subway cars.

Employees' recreation building, 242nd Street and  
Broadway.

Electric interlocking facing point switches.

Extension of inspection shed, new inspection pits, etc.,  
179th Street Yard.

Extension of station lighting account of station platform  
extensions and additional station entrances and exits.

Heating apparatus in inspection shed at 148th Street  
and Lenox Avenue.

Installing of ceiling fans in subway cars.

Installing center side doors in subway cars.

Lighting 181st Street elevators and 191st Street Station.

New type of main engine governors installed in 59th  
Street Power Station.

7,500 K. W. rotary in sub-station No. 14.

3,000 K. W. rotaries in sub-station No. 13 and 14.

Turbine units in 59th Street Power Station.

Van Cortlandt Park Terminal Yard, Shops, etc.

Making a total charge to the Interborough Rapid  
Transit Company Fixed Capital Account of... 912,360.09

Total..... \$1,417,270.70

## IMPROVEMENTS

### THE FOLLOWING PROGRESS HAS BEEN MADE IN IMPROVEMENTS INCORPORATED IN LAST YEAR'S REPORT :

The remaining 20 of the 100 trailer cars ordered for the Manhattan Railway Division in 1909, and the remaining 16 of the 100 motor cars ordered in 1910 were placed in service.

The remaining 15 of the 325 steel motor cars ordered for Subway Division were placed in service.

The flat car which was equipped with derrick and the two flat cars equipped as switching motors were placed in Manhattan Railway Division service.

231 local service cars were equipped with electro-pneumatic brakes so that the Subway service is now entirely equipped with this type of apparatus.

Coasting recorders have been installed in the Subway Division, making this installation complete on both divisions.

The installation of new type conductor's emergency valves on cars of Manhattan Railway Division has been completed.

All Subway express cars have been equipped with ceiling fans.

The installation of collapsible devices on centre doors of 177 Subway Division cars will be started in September and should be completed by the end of November. When this work is done, all centre doors will have been provided with this protective device.

The additional entrances and exits at the Atlantic Avenue Subway station in Brooklyn, and at Fulton and Dey Streets have been practically completed, while those at 14th Street, Grand Central, 103rd and 110th Streets and Broadway, and 149th Street and Third Avenue have been about seventy-five per cent. completed.

The new stairways at the southeast corner of 34th Street and Third Avenue and 86th Street and Second Avenue have been completed.

The additional signals to protect the curves at Simpson Street and Southern Boulevard and 174th Street West Farms Branch have been completed.

The installation of automatic stops in connection with all danger signals now used on the local tracks of the Subway has been practically completed.

The installation of high tension feeder cables and tie line connections leading to Sub-Station No. 18 of the Subway Division and Sub-Station No. 8 of the Manhattan Railway Division has been completed.

**The following Improvements, Additions and Betterments have been authorized during the fiscal year ended June 30, 1912 :**

**MANHATTAN RAILWAY DIVISION**

A new station at Second Avenue and 105th Street. This section is now an active and important market centre.

A new station at intersection of 86th Street and Columbus Avenue.

Raising station platforms to a level with car platforms at all stations from Park Place to 58th Street inclusive and at 81st Street, on the Sixth Avenue Line, and at South Ferry, Fulton Street and 34th Street Stations of the Third Avenue Line.

Widening station platforms of 81st Street, 42nd Street and 135th Street of the Sixth Avenue Line, and 9th Street, 59th Street, 67th Street, 89th Street, 106th Street and 149th Street of the Third Avenue Line.

The City's various street widening improvements necessitated certain changes in the existing railway columns, stairways, etc, at the following points :

14th and 23rd Streets, Third Avenue Line.

14th, 23rd and 42nd Streets, Sixth Avenue Line.

14th Street, 2nd and 9th Avenue Lines.

The necessity for additional facilities required new and enlarged stairways at the following stations:

Christopher and Greenwich Streets, Ninth Avenue Line, Northwest corner.

28th Street, Third Avenue Line, Northwest corner.

Rivington and Allen Streets, Second Avenue Line, Southeast and Southwest corners.

23rd Street, Ninth Avenue Line, Southeast corner.

Additional feeder cables from sub-stations No. 6 and 7.

Installation in 74th Street Power House of two new Taylor stokers and forced draft apparatus, for increasing boiler capacity of this plant.

Improvements to line switches on cars.

Equipping of eight engines in the 74th Street Power Station with improved spring governors.

#### SUBWAY DIVISION

Changes in stairways at Times Square, 42nd Street and Broadway, new entrance and stairway with passage under 42nd Street. This cost will be paid for by the City and capitalized as part of cost of construction.

Connections between Brooklyn Bridge station and Chambers Street station of Brooklyn Loop lines in the Municipal Building.

New stairways at John Street station.

Additional entrance and exit stairway to Grand Central Station, cost to be paid by the owners of the building.

Construction of a marquee over stairway at 42nd Street and Madison Avenue, cost to be paid for by the owner of the building.

Improvements to Company's dock Harlem River Ship Canal.

Installation in 59th Street Power House of chain grate stokers and forced draft apparatus.

Equipping of nine engines in the 59th Street Power House with improved spring governors.

Additional 7,500 k.w. rotary converter with necessary transformers, switching apparatus, etc., for sub-station No. 14, and the transfer of one 1,500 k.w. rotary with its transformers from sub-station No. 14 to sub-station No. 18, together with new feeders to relieve the overload on present short feeders.

Installation of a high tension cable between 59th Street Power House and sub-station No. 13 on 53rd Street near Eighth Avenue.

Installation of an emergency power connection with New York Central & Hudson River Railroad Company at 53rd Street and Park Avenue, that Company to pay expense of installation and a minimum of \$2,000 per annum for power supplied.

Extension of inspection shed at the 178th Street Yard, to accommodate ten-car trains, now in operation on the Subway Division.

Abandonment of 60-cycle lighting turbines for independent lighting circuits and the use of tie line connection with 74th Street Power House, for supplying subway lighting and signal system, connected in such manner as to provide power from 59th Street Power House automatically in case of failure of power from 74th Street Power House.

The equipment of the remaining 351 cars used in Subway local service, with centre side doors and the installation of electric fans on the same cars.

Installation of destination signs on separating barriers inside of centre doors of subway division, to prevent passengers from boarding wrong trains.

Installation of electric illuminated signs apprising the approach of trains on the most important Subway Station platforms.

Equipping of 166 additional cars with sanitary handholds. 30 of these 166 cars have already been equipped and the balance will be equipped by December 31, 1912.

75% of Subway Division cars are now equipped with 32 c. p. Tungsten lamps in place of 16 c. p. carbon lamps.

One-third of Subway service is equipped with storage battery emergency lighting outfits, which in the event of trouble with main lighting circuit will cut in two special lamps in each car.

## WAGES

In keeping with this Company's policy of establishing and maintaining a rate of pay and working conditions as good or better than can be obtained in like capacities elsewhere, and in view of the high cost of living, it was deemed advisable during the present year to increase the wages of practically all classes of employes, i. e., conductors, trainmen, gatemen, ticket agents, platform men, switchmen, train clerks, shopmen, and office employes. This increase was made effective May 12 and involves an additional expense of approximately \$230,000 per annum.

In making this voluntary increase your Directors took into consideration the good records of the men in the service, particularly those coming into contact with the public, which is evidenced by the improved operating conditions and the letters of commendation received from its patrons. They feel, therefore, that the increase is not only amply justified but will prove beneficial in stimulating interest and giving encouragement to employes of all classes who are earnestly endeavoring to properly perform their duties.

## TAXES

The appeal in the Test Case involving the 1909 Special Franchises assessment of the elevated lines of the Manhattan Railway Company, to which reference was made in the last annual report, has been decided by the Court of Appeals favorably to most of the Company's contentions. As a result, the assessment reviewed was materially reduced and principles of valuations were established which not only have served as the basis for the settlement of proceedings to review similar assessments for the years 1906-7-8-10 and 11, but will also prove beneficial as a standard for such assessments in the future. The decision meant an annual reduction of nearly \$20,000,000 in the assessment on the elevated lines which, as first made, was more than \$78,000,000, and a refund of the sums which the Company had paid as taxes in excess of what they should have been as determined by this decision. This cash refund will amount to approximately \$925,000 of which the Company has collected from the City of New York, \$723,177.11.

The long litigation over the method of taxing the different portions of the Belmont Tunnel was satisfactorily terminated during the past year. In one of these cases the court decided that the part under the river was not taxable as a special franchise, but as real estate, thereby practically establishing the title of the Trustees to the segment through which the tunnel passes.

In proceedings before the assessing officers of the City, the Company has finally succeeded in having the Power House and Sub-station machinery used in the operation of the elevated lines assessed at actual value on assessment day rather than at a purely arbitrary value determined by its productive capacity. Had the latter method prevailed, it would have cost thousands of dollars a year in additional taxes.

A second proceeding to determine the question as to whether the Company is subject to the State Franchise Tax on its corporate existence, with respect to its earnings from the operation of the subway, was instituted during the past year and has been decided adversely to the Company's contentions by the lower courts. If this decision is affirmed by the New York Court of Appeals, the matter will probably be taken to the United States Supreme Court for the purpose of obtaining a final adjudication upon the extent of the exemption from taxation vested in the Company by the Rapid Transit Act.

## OPERATIONS OF THE LEGAL DEPARTMENT IN THE ADJUSTMENT OF CLAIMS

### INJURIES AND DAMAGES

	1912	1911	Increase	Per cent
Claims, suits and judgments.....	\$275,008.46	\$184,069.52	\$90,938.94	49
Expenses .....	134,288.13	114,971.43	19,316.70	17

The increase consists mainly of claims paid before suit and suits settled before trial pursuant to the liberal policy of the Company in dealing with passengers and employes injured through operations, and is partly due to the increase in the number of passengers carried. The Company voluntarily settled 2,218 such claims for \$135,545.18, and compromised 253 suits before trial for \$123,438.50, an increase of 598 claims settled and 73 suits compromised over last year.

During the year, 157 personal injury actions were tried resulting in 45 verdicts in favor of the plaintiffs aggregating \$29,070.06, the plaintiffs being successful in only 29% of the cases tried. It is believed that this demonstrates that the courts recognize that the Company contests only unfounded claims and presents only meritorious defenses. Some suits of recognized liability were necessarily tried with satisfactory results, where the plaintiffs insisted upon a prohibitive amount in settlement. In cases of this sort liability was admitted in court after a failure of all reasonable effort to effect a settlement. Some of these 45 verdicts were reversed on appeal, leaving 39 judgments for \$16,589.78 which were paid. At the close of the fiscal year, only six judgments were pending on appeal aggregating \$12,968.85. The Company does not take appeals for delay, which is proved by this small number pending at the beginning of the summer recess of the courts. Indeed, only a very few appeals are taken, most judgments being paid promptly without appeal.

The disbursements in payment of claims, suits and judgments amounted to 0.88% and the expenses of the legal and claim departments were 0.43% of the gross operating revenue, an aggregate for the year of 1.31%, an increase of 0.31% of the gross or \$110,255.64.

## NEW SUBWAYS AND ELEVATED EXTENSIONS

The long pending negotiations between the City of New York and the Interborough Rapid Transit Company relative to the construction and operation by your Company of the New Subways and Elevated Extensions referred to in previous Annual Reports, finally culminated in your Company's proposition of February 27, 1912 to the Public Service Commission, which proposition is printed herein in full, with the routes as subsequently amended.

This proposition was transmitted to the Board of Estimate and Apportionment by the Public Service Commission on March 13, 1912, with its approval qualified only as to preferential payments, (which question has since been favorably decided by the Court of Appeals of this State).

On May 22, 1912, the Board of Estimate and Apportionment adopted a resolution approving the proposition as submitted, and contracts are now being prepared for signature.

February 27, 1912.

HON. WM. R. WILLCOX,

*Chairman, Public Service Commission for First District,*  
154 Nassau Street, New York City.

DEAR SIR:

In order that there should be before the public authorities a complete statement of the subway and elevated extensions and improvements concerning which the Interborough Rapid Transit Company is prepared to enter into a contract with the city, the following offer is submitted on the Company's behalf:

The Company will accept the lines assigned to it by the city in the Joint Transit Conferees' report in the Summer of 1911, and will, under the terms hereinafter stated, construct, contribute to the construction of, equip and operate such new subway lines, and construct, equip and operate the third-tracking, improvements and extensions of the elevated railroads as follows:

## I. SUBWAY LINES.

(a) A four-track subway line proceeding from Park Avenue at a point between 32nd Street and 42nd Street to a point on Lexington Avenue between 43rd and 44th Streets; thence under Lexington Avenue and the Harlem River to about 135th Street; thence via Park Avenue, private property and Mott Avenue with four tracks to a point of connection with the West Farms Division of the existing subway at 149th Street; thence three tracks, part subway and part elevated, to 162nd Street; thence as an elevated three-track line to the intersection of Jerome Avenue with Woodlawn Road, adjoining Woodlawn Cemetery. The company, from an operating standpoint, would prefer that this line begin as near to 42nd Street as possible.

(b) A two-track subway line diverging from the proposed Lexington Avenue line at or about 135th Street, under private property, through 138th Street to Southern Boulevard; thence to Whitlock Avenue, and to Westchester Avenue; and thence as a two and three-track elevated line through Westchester Avenue to Pelham Bay Park.

(c) A subway line proceeding southerly from Times Square under Seventh Avenue as extended, Varick Street, West Broadway, and Greenwich Street to the Battery, as far as possible as a four-track road.

(d) A two-track tunnel diverging from the line of the Seventh Avenue route in West Broadway, thence via Park Place, Beekman Street and William Street to Old Slip, thence under the East River, and via Clark Street and Fulton Street, Brooklyn, to a connection with the present subway near the Brooklyn Borough Hall.

(e) A two-track subway line running easterly under 42nd Street from Times Square to point of conjunction with the Belmont Tunnel.

(f) The Belmont Tunnel continued as a two-track subway via Van Alst Avenue and Fourth Street, northward under Hunters Point Avenue; thence as a two and three-track elevated road over the yards of the Long Island Railroad northward, curving into Davis Street; thence via Davis Street, Ely Avenue, Williams Street, and such private property as may be necessary to the Queensborough Bridge Plaza, and thence along the Queensborough Bridge Plaza to Jackson Avenue, and via Diagonal Street, Thompson Avenue and Greenpoint Avenue to Woodside, and to Sycamore Avenue in Corona.

(g) A two and three-track elevated railroad from Queensborough Plaza via Jackson Avenue, Debevoise Avenue to Ditmars Avenue, Astoria.

(h) A two and three-track elevated line proceeding from a connection with the West Farms Division of the present subway in Boston Road near 179th Street, thence over private property and intersecting streets and along the west side of the New York, Westchester and Boston Railway to White Plains Avenue, and thence via White Plains Avenue to its projected terminus at Becker Avenue near the City Line.

(i) A four-track subway line from the terminus of the existing system at Atlantic Avenue, Brooklyn, under Flatbush Avenue and the Eastern Parkway to Buffalo Avenue (subject to the right of the Public Service Commission to construct, or permit the construction and operation of, additional tracks on Flatbush Avenue between the said terminus of the existing subway at Atlantic Avenue, Brooklyn, and Prospect Park Circle); also a two-track subway extension from Eastern Parkway under Nostrand Avenue to Flatbush Avenue, and a three-track elevated extension from Eastern Parkway via East 98th Street and Livonia Avenue through the Brownsville District to New Lots Road.

#### TRACKAGE RESERVATIONS.

The right is reserved by the city, and concurred in by the company, to grant trackage rights over the following sections of the enlarged subway system on a basis which shall be equitable to each company exercising such rights:

(a) Between the operators of the subway and elevated systems, respectively, or their successors, over the Jerome Avenue Line; and the White Plains Road Extension in the Bronx;

(b) Between the Interborough and any other operator, or the successors of either, of the lines to Astoria and Corona, converging at the Queensborough Bridge Plaza.

#### II. ELEVATED LINES, THIRD-TRACKING, IMPROVEMENTS AND EXTENSIONS.

(a) On the Second Avenue Line, the completion of the third track from City Hall Station to 129th Street; on the Third Avenue Line, the completion of the third track from City Hall Station to 129th Street and

Harlem River, with the necessary track changes to abolish grade crossings at Chatham Square; because of the junction of the third tracks of the Second and Third Avenue lines at the Harlem River, the construction of a four-track bridge and a four-track line between the Harlem River and 144th Street, and the extension of a third track thence to 147th Street, with the privilege of thereafter extending the third track to the present terminus of the Third Avenue Line at Bronx Park; and on the Ninth Avenue Line, the completion of the third track from Rector Street to 155th Street.

(b) The construction of a two-track elevated road from about 157th Street and Eighth Avenue across Putnam Bridge over the Harlem River; thence over the right of way of the New York Central Railroad and private property; thence as a tunnel under private property and 162nd Street, emerging as an elevated structure in 162nd Street near Jerome Avenue; thence through 162nd Street to River Avenue, connecting with the elevated structure of the Jerome Avenue extension of the subway.

(c) From the Third Avenue Line at about 143rd Street, a two-track extension through private property and Willis and Bergen Avenues to a connection with the West Farms Division of the subway at or about Brook Avenue.

(d) A two-track extension from the Third Avenue Line at Fordham Avenue, through Webster Avenue and Gun Hill Road to White Plains Avenue, connecting at that point with the Becker Avenue extension of the subway in White Plains Road.

(e) The construction of a two-track extension from the Second Avenue Line, across the Queensborough Bridge to the Queensborough Bridge Plaza.

#### TERMS APPLYING TO SUBWAY EXTENSIONS.

##### CONSTRUCTION.

1. The subway lines herein proposed shall be constructed according to plans of the Public Service Commission for this District, and under contracts to be awarded by the Commission, on behalf of the city, after public bidding, to responsible contractors, and the construction thereof shall proceed in such order as the Commission shall direct, due regard, however, being given to the necessity of providing relief from the present traffic

congestion and to proper facility and economy in construction. It is understood, however, that in the preparation and execution of the plans and contracts, there shall be active and cordial co-operation between the company and the Commission, so that the interests of the Company, on account of its furnishing at least \$56,000,000 of the capital for construction shall be treated fairly and equitably. The formal contract between the city and the company shall provide, first, that the obligation of the city for contracts already let for sections of the subway in Lexington Avenue shall be accepted as part of the city's share of the total cost of construction; second, for the provision from time to time of the additional capital required for construction or equipment purposes; and such other features as the subway construction situation may require.

The cost of construction, to the extent hereinafter provided, as the work proceeds will be paid monthly, one-half by the city and one-half by the Interborough Company, and the cost of equipment, to the extent hereinafter provided, will be defrayed wholly by the Interborough Company.

2. The costs of construction or equipment, whether borne by the city or by the Interborough Company, or upon a basis of division between the city and the Interborough Company, shall be the actual cost, and shall include:

- (a) All contracts for original construction work; or
- (b) For roadbed, tracks and station finish;
- (c) All carrying charges during construction;
- (d) Engineering expenses, including those of the Public Service Commission relating to these lines;
- (e) Extras and damages;
- (f) Real estate and easements; and
- (g) Such other incidental charges as may be agreed upon; the cost of third-rail and signal system to be charged to equipment.

Any incidental fee damage for rights of way in acquiring of streets allowed by the courts shall be paid from the city's general funds and not from the subway construction fund. Subject to the use thereof for transit purposes, the city may sell, lease or otherwise dispose of the surface of all real estate not required for subway uses.

3. Brokerage charges not to exceed three per centum of the \$77,000,000 furnished by the Company towards the cost of construction and equipment, shall be allowed to be amortized from the earnings of the property during the life of the lease; but if by virtue of the ten-year recapture provision any part of the lines constructed, or equipment, shall be taken over by the city, the city shall pay the actual cost to the Company of its investment in such construction and equipment, less such portion of the financing cost to the Company as may have been amortized.

#### FORTY-NINE YEAR LEASE.

4. The new lines will be operated by the Interborough Company under a contract with the city which will extend over a period of forty-nine years from the time when the new subways are put into complete operation: provided, however, that the date from which the new leases shall run shall not be later than four years from the time that formal contract is entered into between the city and the Company, unless strikes, injunctions or other causes beyond the control of the Company shall prevent the opening of the new lines within said period, in which event the necessary delay caused by such strikes, injunctions or other causes shall be added to the period of four years as aforesaid.

#### LEVELING OF EXISTING LEASES TO A FORTY-NINE YEAR PERIOD.

5. The Interborough Company thereupon proposes that its existing leases from the city under which the original subway, from Ann Street northward, and the Brooklyn Extension, from Ann Street to Atlantic Avenue, Brooklyn, are operated, together with the right to renewal terms thereunder, shall be leveled so that the leases of the existing subway shall be co-terminous with the lease or franchise to the Interborough Company to operate the new subway lines herein proposed.

#### EXCHANGE OF LEGS OF PRESENT SUBWAY.

6. So that the city, if it so elects, may obtain possession of either a complete East Side or a complete West Side subway line, the Interborough Company will consent, in event of the necessary legislation having been secured, in the securing of which it will co-operate, and provided the lien of any duly authorized mortgage be not disturbed, to a modification of

contracts Nos. 1 and 2 under which the existing subways are operated, so that either that portion of the existing subway system extending southward from 42nd Street in Manhattan to Atlantic Avenue, Brooklyn, or north of 42nd Street to the Bronx, shall be held under a lease terminable at any time after ten years from the beginning of operation of the proposed Seventh Avenue, or Lexington Avenue, line, upon receiving in compensation therefor the right to hold either the proposed Seventh Avenue line from Times Square southward to Borough Hall, Brooklyn, or the proposed Lexington Avenue line and its said extensions from 42nd Street northward into the Bronx, under a non-terminable lease for forty-nine years from the time when the new subways are put into complete operation; the difference in values upon the exchange to be adjusted by agreement between the city and the company, or, if they cannot agree, to be fixed by arbitration upon terms and conditions to be agreed upon.

#### RECAPTURE.

7. The new lines constructed under this agreement (except either the proposed Seventh Avenue line from Times Square to Borough Hall in Brooklyn, or the proposed Lexington Avenue line and its said extensions from 42nd Street northward into the Bronx, in event of the exchange of legs hereinbefore proposed), as hereinafter provided, shall be subject to the right of the city to take over such new lines at any time after ten years of operation, upon the terms of paying to the Interborough Company the amount of its investment in construction, plus 15 per centum, which aggregate sum shall gradually decrease (under the provisions of the contract) as the term continues, so that at the end of the full term of the contract no such amount shall be paid; and the actual cost of the equipment attaching to such lines—not including as a part of the cost any sums spent for depreciation or renewal thereof—plus fifteen per centum thereof, less the amount accrued in any sinking fund created for the amortization of the company's investment in equipment and any deferred maintenance charges with respect thereto. The right of recapture provided for in this paragraph shall nevertheless be exercised by the city with respect to the whole of any one or more of the following groups of lines:

(a) The Seventh Avenue line, including the extension under the East River to Borough Hall, Brooklyn; the Lexington Avenue line, together

with the extension to Pelham Bay Park and on Jerome Avenue to the intersection of the latter Avenue with Woodlawn Road, adjoining Woodlawn Cemetery.

(b) The 42nd Street line from Times Square easterly, including the Belmont Tunnel and the extensions to Corona and Astoria.

(c) The Brooklyn extensions previously described, *i. e.*, a four-track subway line from the terminus of the existing system at Atlantic Avenue, Brooklyn, under Flatbush Avenue and the Eastern Parkway to Buffalo Avenue; also a two-track subway extension from Eastern Parkway under Nostrand Avenue to Flatbush Avenue and a three-track extension from Eastern Parkway via East 98th Street and Livonia Avenue through the Brownsville District to New Lots Road.

(d) The White Plains Road extension.

8. If the city shall take over the new lines after a period of ten years from the beginning of operation thereof, under any provision of law, the city shall have the right to take over the lines of the present subway at any time after thirty-five years from the date of the beginning of operation of such new lines, upon payment to the company of a sum equal to the then present worth of the unexpired portion of the company's lease under Contracts Nos. 1 and 2, estimated upon the basis of the annual net profits for the five-year period immediately preceding such recapture, or, if the period of final amortization has been passed, then for the five years immediately preceding the completion of amortization.

#### CITY MAY ASSIGN ITS RIGHTS.

9. Whatever rights the city shall possess under this offer with respect to retaking any of the lines covered by such termination shall be subject to assignment, at the City's option, to such third party as the city may designate.

#### BELMONT TUNNEL.

10. All right, title and interest of the Interborough Company in and to the Belmont Tunnel will be contributed by the Company, as part of its half of the construction cost of the foregoing subway lines, at a valuation of \$3,000,000.

#### FIVE CENT FARES.

11. All the foregoing subway lines will be operated by the Company in connection with the present subway lines for a single fare of five cents.

#### POOLING OF RECEIPTS AND PAYMENTS THEREFROM.

12. When the new subway lines shall have been equipped and put in operation the gross receipts from the operation of the existing subway lines and equipment and from the proposed new subway lines and equipment will be pooled for and during the full term of forty-nine years and from the total of such gross receipts deductions will be made as follows:

(a) Operating expenses, including damage for accidents, provision for depreciation, renewals and obsolescence, taxes, insurance and rentals payable to the city under existing subway contracts, and amortization of brokerage charges. Rentals under existing contracts in the amount payable when the new lease becomes effective shall continue to be paid to the city during the full term of the said forty-nine years.

(b) A sum, to be paid to the Company out of such gross receipts for each of the said forty-nine years, to represent the average annual income from operation of the existing subway lines and equipment for the two fiscal years ending June 30, 1911, which is \$6,335,000, as compensation for the pooling of the receipts of the existing subway and equipment with those of the new subway lines and equipment; for the leveling of the leases of the existing subway and the exchange of the legs; for services in connection with the operation of the property; and for the Company's agreement to furnish to the extent hereinafter provided, one-half of the cost of the construction of the proposed new subways, and the entire cost of the equivalent thereof. It is scarcely necessary to explain that this sum is not clear profit, because out of it must be paid the Company's fixed charges, such as interest and sinking fund payments on its capital investment in the subway lines and equipment.

(c) A sum equal to six per centum per annum for each of the forty-nine years upon the investment of the Interborough Company in the subway lines and equipment hereinbefore set forth. The investment of the Interborough Company under this clause shall not be less than, and shall not exceed, \$77,000,000, or \$56,000,000 for new construction and \$21,000,000

for equipment (which equipment shall include cars; equipment for the supply and transmission of power; yards and yard terminals; third rail; signals and interlocking); so that with the Company's capital investment in the present subway, aggregating on June 30, 1911, approximately \$18,000,000, its total investment shall be \$125,000,000. If less than said \$21,000,000 be required from the Company for said equipment, such amount shall be expended for construction, so that its total investment shall not be less than \$125,000,000. If additional capital be required to construct the new subway lines as hereinbefore defined, the city shall furnish the excess.

If the said \$21,000,000 shall not be sufficient to properly equip the said new subway system to meet the requirements of the first year of operation in accordance with plans, specifications and contracts for such equipment as approved by the Public Service Commission and accepted by the Company, the Company shall furnish the excess, and shall receive, during the period of forty-nine years, in the order defined in paragraphs numbered 12 and 13 hereof, the payment of sums equal to the actual cost of such additional capital for equipment, plus a sinking fund therefor of not exceeding one per centum per annum.

If at any time during the term of said lease expenditures for betterments or improvements of the old or new subways, chargeable to capital account, shall be required to be made, the capital for making such construction betterments or improvements shall be furnished share and share alike by the city and the Interborough Company, and if expenditures by the way of betterments or improvements, chargeable to capital account shall be required to be made upon the equipment of the old or new subways, or if, after the new subways are put in operation under said lease, additional equipment shall be required, the capital for making such equipment betterments, improvements or additions shall be furnished by the Interborough Company, and in either event a sum equal to the actual cost of such additional capital, plus a sinking fund thereon of not exceeding one per centum per annum, shall be allowed to the Company and to the city, respectively, and shall be deducted from the gross receipts in the respective order of the other payments herein provided for in sections Nos. 12 and 13 hereof. Out of the sums which the Company shall receive as aforesaid, it will pay all charges for interest, as the same become due, and provide a sinking fund sufficient to retire and pay off at maturity the principal of its original investment in said subway construction and equipment. If, however, such

sinking fund of one per centum shall not be sufficient to amortize any part of the capital furnished by the Interborough Company, for the construction, betterments or improvements of said subways, or for betterments or improvements of, or additions to, the equipment, before the expiration of the lease, the cost of such construction, betterments, improvements or additions, less the amount then accumulated in the sinking fund, shall, upon the taking over or termination of any lease, be assumed and paid by the city.

If any deficiency shall arise in any year in meeting the aforesaid payments to the Company, such deficiency shall be cumulative and shall be paid off and discharged annually out of the said subway earnings before the payments herein defined shall be made to the city.

13. After the payment of the foregoing obligations to the Company there shall be deducted, out of the profits, interest and sinking fund upon the capital provided by the city for the construction of the new lines, and such further sum as will bring the payments to be made to the city during the entire period of the forty-nine year lease up to an amount equal to 8.76 per centum upon its capital investment in the original construction of the new subways. Upon its capital investment in the betterments or improvement of the old or new subways, chargeable to capital account, it shall then receive the same rate of compensation as is provided for in section 12 hereof with respect to investments by the Company in betterments or improvements upon new equipment. If any deficiency shall arise in any year in meeting the aforesaid payments to the city, such deficiency shall be cumulative and shall be paid off and discharged annually out of the said subway earnings before the equal division of profits provided for in the following paragraph becomes effective.

14. The remainder of said profits shall annually be divided between the city and the Company share and share alike.

#### RECEIPTS TO BE POOLED ON COMPLETION OF ANY SUBSTANTIAL PART.

15. Upon the completion of a substantial portion of the new system, the gross receipts from operation of the existing subways and equipment shall be pooled with the gross receipts from operation of such newly completed portion, and such pooled receipts shall be distributed as hereinbefore provided, but in the proportion which said new lines shall bear to the whole

system as the same may from time to time be placed in operation. In fixing this proportion, the gross receipts shall be ascertained from the tickets deposited at the stations on the new subway lines covered in the proposal, and from any other miscellaneous revenues derived from such stations, and the operating expenses shall be ascertained, as hereinafter defined, for new subway extensions, upon a per-passenger basis.

#### NEW EQUIPMENT WHEN AMORTIZED TO BELONG TO CITY.

16. New equipment for the operation of the enlarged subway system, as hereinbefore provided, shall, to the extent amortized through the sinking fund, and its accretions, become the property of the city at the end of the lease.

#### EQUIPMENT OF PRESENT SUBWAY TO BE TAKEN OVER BY CITY AT END OF LEASE.

17. The equipment of the existing subways owned by the Company shall, upon the termination of the new forty-nine year lease, be taken over by the city as provided for under the terms of Contracts Nos. 1 and 2 between the city and the Interborough Company, for the construction and equipment of the existing subway.

### III. SUBWAY EXTENSIONS.

18. Future subway extensions required by the city will be constructed by it, and will be equipped by the Company for the city and operated as a part of the entire system, upon the following terms:

A separate account shall be kept of the gross earnings of any such extension or extensions, to be ascertained from the tickets at the stations thereupon, and any other miscellaneous revenues derived from such stations.

From the gross earnings thus ascertained there shall be deducted:

- First: (a) All station expenses.  
(b) Maintenance of way and structures.  
(c) Damages from accidents happening on the division.

Second: Other operation costs, to be determined according to the unit costs on the Interborough system, upon a per-passenger basis:

- (a) Conducting transportation.
- (b) Maintenance of equipment and depreciation.
- (c) Cost of power.
- (d) General and administration expenses.
- (e) Taxes, if any.

After the payment of the foregoing charges the Company shall receive for its equipment a sum equal to the actual annual charges of the Company for carrying the cost thereof, and a partial sinking fund of three-fourths of one per centum per annum to meet obsolescence.

From the balance of the income then remaining shall be paid interest and sinking fund upon bonds issued by the city to defray the cost of construction, upon that part of the road equipped and operated by the Interborough Company.

If the income shall be insufficient to meet the foregoing charges or any part thereof, the deficit shall be paid semi-annually by the city either out of the city's portion of the earnings of the entire subway system, as described in section 13 of this proposal, or from such other sources as the city may see fit. That portion of any deficit which represents payments made by the city upon bonds issued by the city for the construction of subway extensions shall accumulate and be a charge against future profits, before any division thereof shall be effected between the city and the Interborough Company.

The net profits remaining after providing for the foregoing charges shall be equally divided between the city and the Interborough Company, but when any of the future subway extensions shall become profitable, and all deficits both of the Company and the city shall have been fully paid and discharged, it shall, beginning on July 1st of the following year, be operated as a part of the enlarged subway system under the general plan, and shall be governed by all the provisions applying to the enlarged subway system hereinbefore provided for, the Company and the city to receive in each year, on their respective capital investments in these subway exten-

sions, a sum not exceeding the actual cost of furnishing such capital, plus a sinking fund thereon of not exceeding one per centum per annum, until the said investment has been amortized.

In event of recapture of any extension or of the termination of the lease upon any extension, the city shall pay for the equipment in the manner provided for under section 7 hereof.

#### EXAMINATION OF SUBWAY EQUIPMENT.

19. The formal contract between the Company and the city shall provide for an examination by the Public Service Commission of the physical condition of the plant and equipment of the present subway before it is taken over for operation as a part of the enlarged subway system contemplated by this proposal, so that the city may definitely assure itself that the property has been adequately maintained, and any expenditures deemed necessary by the Public Service Commission to place it in such condition shall be made by the Company before the pooling of receipts proceeds.

#### MANAGEMENT AND OPERATION.

20. The formal contract between the Company and the city shall also contain provisions embodying substantially the essentials of the Public Service Law with relation to both operation and management, together with such added reasonable guarantee as the city may require with relation to the character and sufficiency of the equipment to be furnished and of the service to be given.

#### CITY TO APPROVE OF A LEASE OR ASSIGNMENT, ETC.

21. Such formal contract shall also contain provisions that the management of the enlarged subway system covered by such contract shall be conducted by one company and without the consent of the city, no lease, transfer or assignment, in whole or in part, of any of the rights granted by the city in the proposed contract shall be made, nor shall any subsidiary company be created to operate or maintain either the whole or any part of the enlarged system, or to furnish to it power, supplies, or any other of the operating necessities.

#### CLASSIFICATION AND CHARACTER OF OPERATING EXPENSES.

22. The classification and character of operating expenses under this contract shall be that prescribed by the Public Service Commission for the First District. In the event of any dispute arising regarding the character or amounts of items charged into Operating Expenses, the Company and the city, respectively, shall have the right to review by an appeal or certiorari to the Appellate Division of the First District.

#### IV. TERMS APPLYING TO ELEVATED THIRD-TRACKING IMPROVEMENTS AND EXTENSIONS.

1. The franchise for the construction of additional tracks upon the Manhattan Elevated Railroad, as hereinbefore described in paragraph (a) under the head of "Elevated Third-tracking, Improvements and Extensions," together with all other construction described in said paragraph, shall be embodied in a certificate issued to the Manhattan Railway Company. The term of said franchise shall be twenty-five years, with three renewal periods of twenty years each, for the purpose of readjustment of rentals; the right of recapture shall accrue to the city, either upon the termination of a ten-year or other period, or at the termination of the franchise, but not for railroad transit operation either by itself or by any other party, and without prejudice to the rights of the Manhattan Company in its elevated railway lines, and subject to adequate provisions for the protection of such rights. It is necessary that the city co-operate in obtaining such legislation as may be required to render this provision effective. The compensation for said franchise shall not exceed two per centum of the increased gross receipts of each station served by express trains upon such lines, whether such station be a new station, an enlargement of an existing local or express station, or a relocation of such station, over the gross receipts of the same station, from the transportation of passengers and property on the said line for the year ending June 30, 1911, or a corresponding portion of such year.

2. The franchise for the elevated extensions, hereinbefore described in paragraphs (b), (c), (d) and (e) under the head "Elevated Third-tracking Improvements and Extensions," shall be embodied in a certificate issued to the Interborough Company. The term of said franchise shall be eighty-five years from the time the said elevated extensions are put in

complete operation. Said extensions and the equipment attaching thereto shall be subject to recapture by the city at any time after ten years from the date of beginning complete operation thereon, upon the same terms as are hereinbefore stated with respect to such subway extensions and equipment thereof as shall be subject to recapture. If the White Plains or Jerome Avenue extensions should be taken over by the city at any time under the ten-year recapture provision, in order that public convenience may not be interfered with, trackage rights will be reserved over those lines for the purpose of enabling the elevated system to reach any terminals, storage yards or shops located upon such extensions and utilized by the Manhattan Company.

#### CITY'S COMPENSATION FOR ELEVATED FRANCHISES.

3. As soon as said elevated extensions have been constructed and placed in complete operation, the gross receipts therefrom shall be pooled with the gross receipts derived by the Interborough Company from the operation of the present Manhattan Elevated lines, including the third-track and improvements hereinbefore provided for, and so long as the elevated system as thus enlarged shall remain under the control of the Interborough Company, or its successors or assigns, all receipts from the operation thereof, after deducting taxes, operating expenses, including insurance, damage claims, a proper annual allowance for depreciation and obsolescence, rentals payable to the Manhattan Company by the Interborough Company under the lease dated January 1, 1903, interest and sinking funds upon capital for said elevated improvements and extensions, amortization of brokerage charges not exceeding three per centum, and a sum equal to the average annual profits, after deducting taxes as finally adjusted, derived by the Interborough Company from the operation of the present elevated system for the two years immediately prior to June 30, 1911, shall be equally divided between the city and the Interborough Company.

4. If, under this latter arrangement, the Manhattan Company or the Interborough Company shall be under an obligation to pay the two per centum of increased gross receipts hereinbefore referred to as a franchise payment, the Interborough Company before division of profits shall first be

entitled to deduct from the surplus profits arising from the operation of the elevated lines an amount corresponding to the amount of the franchise payment.

5. If in any year the receipts or profits of the Interborough Company from the operation of the elevated system as so enlarged shall be less than the average receipts or profits from the operation of the present elevated system for the two years immediately prior to June 30, 1911, ascertained as above, the deficit shall accumulate and shall be a charge against all future profits from the operation of the enlarged system, before the city under the terms of this arrangement shall be admitted to a division of the said profits.

Respectfully submitted,

INTERBOROUGH RAPID TRANSIT COMPANY.

By

T. P. SHONTS,  
President.

The following statement shows how the average annual income referred to in paragraph (b), section 12, of the proposal, under the heading "Pooling of Receipts and Payments Therefrom," is ascertained.

*Statement showing average annual income of the Interborough Rapid Transit Company from operation of existing subway lines and equipment for the two years ending June 30th, 1910 and 1911.*

<i>Year ending June 30th</i>	<i>1910</i>	<i>1911</i>
Gross Operating Revenue.....	\$13,932,505	\$14,353,206
Operating Expenses .....	4,756,449	5,929,653
Net Operating Revenue .....	9,176,056	8,423,553
Taxes .....	225,280	268,438
Income from Operation .....	8,950,776	8,155,115
Interest and Sinking Fund on City Bonds.....	2,181,204	2,254,692
Resulting Net Income .....	6,769,572	5,900,423

The Average Sum to be paid to the Company during each of the 49 years of the proposed lease, is ..... \$6,335,000

## FINANCING

Favorable arrangements have been effected for financing the new subway and elevated extensions.

It is proposed to issue new first mortgage five per cent. fifty-three year bonds to the aggregate amount of approximately \$170,000,000, secured by a first mortgage on all the property, leasehold and freehold, of the Company, the mortgage to contain provisions for the issue of such additional bonds, in excess of \$170,000,000, as may be needed to provide the money for such additional extensions and improvements as may be authorized by the City, and agreed to by this Company, during the period of the Company's lease. The mortgage will provide for a sinking fund ample to pay the principal of the bonds at maturity.

Messrs. J. P. Morgan & Co., Bankers, have agreed to take and pay for the above \$170,000,000 of bonds during the construction period of four years beginning July 1st, 1912, as follows:

During the year from July 1, 1912 to June 30, 1913.....	\$78,000,000
During the year from July 1, 1913 to June 30, 1914.....	30,000,000
During the year from July 1, 1914 to June 30, 1915.....	30,000,000
During the year from July 1, 1915 to June 30, 1916.....	32,000,000

Such an amount of the bonds issued during the first period as may be necessary for that purpose will be used for retiring the present forty-five-year gold mortgage five per cent. bonds of this Company, dated November 1, 1907, and the \$15,000,000 of five per cent. notes due January 29, 1913, and the balance to the extent required during the years mentioned for construction and equipment purposes.

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Acknowledgment is made of the efficient service rendered the Company and its patrons by the officers and employes during the year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,  
President.

COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1912 AND 1911.

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# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT SHOWING RESULTS FROM OPERATIONS FOR THE YEARS ENDED JUNE 30, 1908 TO 1912 INCLUSIVE

*Note.*—The results for the years 1910 to 1912 inclusive are hereinbelow stated in conformity with the rules of the "Uniform System" of accounting effective July 1st, 1909; those for 1909 are so stated as nearly as possible, while for the year 1908 the results are stated according to the rules and regulations then prevailing.

	YEAR ENDED JUNE 30,				
	1908	1909	1910	1911	1912
Earnings from Operation .....	\$24,059,299				
Gross Operating Revenue .....		\$26,524,394	\$28,987,648	\$29,767,352	\$31,246,392
Operating Expenses .....	10,722,694	10,747,443	11,013,143	12,368,982	13,047,802
Net Earnings .....	13,336,605	15,776,951	17,974,505	17,398,370	18,198,590
Net Operating Revenue .....	1,586,466	1,799,807	1,750,422	1,925,090	1,979,431
Taxes .....					
Net Earnings less Taxes .....	11,750,139	13,977,144	16,224,083	15,473,280	16,219,159
Income from Operation .....	1,220,170	1,001,775	411,024	339,915	1,305,200
Other Income .....					
Non-Operating Income .....					
Gross Income .....	12,970,309	14,978,919	16,635,107	15,813,195	17,524,359
Interest on Bonds and 3-Year Gold Notes, Rentals, Sinking Fund and Amortization Charges, (including Manhattan Guarantee)	9,269,650	10,389,096	10,552,960	10,673,158	11,000,593
Net Corporate Income .....	3,700,659	4,589,823	6,082,147	5,140,037	6,523,766
Dividends .....	3,150,000	3,150,000	3,150,000	* 3,500,000	† 5,250,000
Surplus .....	\$ 550,659	\$ 1,439,823	\$ 2,932,147	\$ 1,640,037	\$ 1,273,766
Per Cent. Expenses to Earnings .....	44.57%	40.52%	37.99%	41.55%	41.76%
Passengers Carried .....	483,285,640	514,680,342	562,788,395	578,154,088	607,244,697

\* 9% regular and 1% extra.

† 10% regular and 5% extra.

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1912 AND 1911

Description	1912	1911	Increase	
Interest and Sinking Fund on City Bonds .....	\$2,312,943.28	\$2,254,692.25	\$58,251.03	(1)
Interest on 3-Year 6% Gold Notes .....		576,980.00	*576,980.00	(2)
Interest on 5% 45-Year Gold Mortgage Bonds .....	1,617,033.74	1,235,933.34	381,100.40	
Sinking Fund on 5% 45-Year Gold Mortgage Bonds .....	329,692.50	300,000.00	29,692.50	(3)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds..	1,591,080.00	1,591,080.00		
Interest on New York Elevated Railroad 5% Debenture Bonds ....	50,000.00	50,000.00		
Manhattan Railway Rental, (Organization) .....	10,000.00	10,000.00		
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00	4,200,000.00		
Amortization of Debt Discount and Expense .....	97,086.74	31,269.98	65,816.76	(4)
Interest on Unfunded Debt.....	786,180.54	416,292.94	369,887.60	(5)
Other Rent Deductions .....	6,576.56	6,909.90	*333.34	
<b>Total Income Deductions</b>	<b>\$11,000,593.36</b>	<b>\$10,673,158.41</b>	<b>\$327,434.95</b>	

\*Decrease.

### NOTES

(1) Due to increase in amount of bonds issued by the City to provide means for the extending of Subway station platforms, construction of new stations and additional station entrances and exits.

(2) Due to the retirement May 1, 1911 of the remaining \$4,584,000 6% 3-Year Gold Notes dated May 1st, 1908; issue of \$17,500,000 of 45-Year 5% Gold Mortgage Bonds in exchange for 3-Year 6% Gold Notes during the year ended June 30, 1911, and the issuance on December 22, 1911 to the Rapid Transit Subway Construction Company of \$3,407,000 of 45-Year 5% Gold Mortgage Bonds in part payment of the excess cost of Brooklyn Extension.

(3) Due to the increase of \$3,407,000 in outstanding 45-Year 5% Gold Mortgage Bonds hereinabove described.

(4) Due principally to the amortization of the discount on \$10,000,000 4½% One-Year Notes dated April 29, 1911.

(5) On April 29th, 1912, \$15,000,000 of Nine Months 5% Notes were issued for the purpose of providing funds for the payment of the \$10,000,000 4½% One-Year Notes and \$5,000,000 5% Notes dated September 6, 1911, due April 29, 1912, issued to meet further capital requirements for additions and betterments.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1912

## ASSETS

FIXED CAPITAL .....		\$50,381,047.04
INVESTMENTS .....		20,643,934.06
ADVANCES TO ASSOCIATED COMPANIES:		
Notes Receivable .....	\$ 6,951,829.45	
Open Accounts .....	4,723,837.33	
		<hr/>
		11,675,666.78
CURRENT ASSETS:		
Cash .....	\$ 2,522,899.33	
Accounts Receivable .....	5,210,379.37	
Bills Receivable .....	6,120.00	
Interest and Dividends Receivable .....	185,132.73	
Material and Supplies .....	1,544,242.85	
Special Deposits:		
To meet Coupons due not presented.....	18,260.84	
To meet uncollected Dividends on Manhattan Railway Co. Capital Stock.....	68.25	
To meet Dividend due July 1st, 1912 on Manhattan Railway Co. Capital Stock....	1,050,000.00	
To meet Dividend due July 1st, 1912, on Interborough Rapid Transit Co. Capital Stock .....	875,000.00	
Guaranty Trust Co., Trustee, under mortgage of November 1st, 1907 .....	6,076.38	
		<hr/>
		11,418,179.75
SINKING FUND ON 5%, 45-YEAR GOLD MORTGAGE BONDS DATED NOVEMBER 1, 1907:		
On deposit with Trustee .....	\$ 15,584.10	
Invested by Trustee in the purchase of 5%, 45-Year Gold Mortgage Bonds .....	613,390.90	
		<hr/>
		628,975.00
PREPAYMENTS:		
Insurance .....	\$ 187,713.09	
Taxes .....	776,244.34	
Interest on 9 mos. 5% Notes dated April 29th, 1912 .....	433,333.34	
Rents .....	4,900.13	
		<hr/>
		1,402,190.90
CONTINGENT ASSETS—STATE TAXES PAID UNDER PROTEST .....		
ITEMS AWAITING DISTRIBUTION .....		535,743.09
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND .....		945,900.41
DEFERRED CHARGES .....		58,842.76
Unamortized Debt Discount and Expense.		1,518,742.82
INTERBOROUGH RAPID TRANSIT CO. 45-YEAR GOLD MORTGAGE 5% BONDS IN TREASURY .....		
		5,501,000.00
Total .....		<hr/>
		<u>\$104,710,222.61</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1912

## LIABILITIES

CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT:	
45-Year Gold Mortgage 5% Bonds .....	33,959,000.00
9 MONTHS, 5% NOTES, DATED APRIL 29, 1912 .....	15,000,000.00
MANHATTAN RAILWAY COMPANY, LEASE ACCOUNT..	377,322.73
CURRENT LIABILITIES:	
Interest and Rentals Accrued, not due .....	\$ 1,498,240.84
Coupons Due, not presented .....	18,260.84
Dividends April 1, 1909 to April 1, 1912, inc., on Manhattan Ry. Co. Capital Stock, unpaid ....	68.25
Dividend Due July 1, 1912 on Manhattan Ry. Co. Capital Stock .....	1,050,000.00
Dividend Due July 1, 1912 on Interborough Rapid Transit Co. Capital Stock .....	875,000.00
Due for Wages .....	187,430.37
Due Associated Companies .....	46,356.81
Other Accounts Payable .....	544,642.60
Taxes Accrued (of which only \$46,454.06 due— in litigation) .....	561,760.00
	<hr/>
	4,781,759.71
ACCRUED AMORTIZATION OF CAPITAL .....	583,071.82
UNAMORTIZED PREMIUM ON DEBT .....	118,140.00
SINKING FUND RESERVE FOR 45-YEAR GOLD MORT- GAGE 5% BONDS, (See Contra) .....	858,667.50
RELEASED INTERBOROUGH RAPID TRANSIT CO. 45- YEAR GOLD MORTGAGE 5% BONDS .....	5,501,000.00
PROFIT AND LOSS SURPLUS .....	8,531,260.85
Total .....	<hr/> <hr/> \$104,710,222.61

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1912

The following equipment is owned or leased by your Company; that of the Subway Division being owned and that of the Manhattan Railway Division being leased for 999 years from the date of the organization of said Company, to wit: November 1, 1875.

### MANHATTAN RAILWAY DIVISION

PASSENGER CARS:	1912	1911	Inc.
Motor, closed .....	1031	1016	*15
Trailer, closed .....	715	696	*19
Trailer, open .....	36	36	..
Total .....	<u>1782</u>	<u>1748</u>	<u>34</u>
SERVICE CARS:			
Pay, motor, closed .....	1	1	..
Instruction, motor, closed .....	1	1	..
Drill, flat, motor .....	1	1	..
Flat, motor .....	2	..	2
Pay, trailer, closed .....	1	1	..
Supply, trailer, closed .....	16	16	..
Tool, trailer, closed .....	1	1	..
Ticket, trailer, closed .....	2	2	..
Flat, trailer .....	31	31	..
Hopper, trailer .....	5	5	..
Derrick, trailer .....	1	..	1
Total .....	<u>62</u>	<u>59</u>	<u>3</u>
Total, Manhattan Railway Division.....	<u>1844</u>	<u>1807</u>	<u>37</u>

### SUBWAY DIVISION

PASSENGER CARS:			
Composite, motor, closed .....	124	124	..
Steel, motor, closed .....	666	651	15
Composite, trailer, closed .....	354	354	..
Total .....	<u>1144</u>	<u>1129</u>	<u>15</u>
SERVICE CARS:			
Pay, motor, closed .....	1	1	..
Instruction, motor, closed .....	1	1	..
Test, motor, closed .....	1	1	..
Observation, motor, closed .....	1	1	..
Steel, flat, motor .....	7	7	..
Pay, trailer, closed .....	1	1	..
Emergency pump, trailer .....	1	1	..
Wooden, flat, trailer .....	18	18	..
Steel, flat, trailer .....	15	15	..
Total .....	<u>46</u>	<u>46</u>	<u>..</u>
Total Subway Division .....	<u>1190</u>	<u>1175</u>	<u>15</u>
Total Cars of all descriptions.....	<u>3034</u>	<u>2982</u>	<u>52</u>

\* 1 motor car and 1 trailer car destroyed.

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1912

### FINANCIAL STATEMENT

Receipts to June 30, 1911, inclusive.....		\$328,380.01
<i>Receipts for year ended June 30, 1912.</i>		
Contributions from members.....	\$82,530.13	
Interest on investments and bank balances.....	2,626.25	85,156.38
		<u>\$113,536.39</u>
Received from the Company in advance of collection of contributions....		1,658.55
Total Receipts ..		<u>\$115,194.94</u>
Disbursements to June 30, 1911, inclusive.....	\$268,517.55	
<i>Disbursements for year ended June 30, 1912.</i>		
Accident Benefits Paid.....	\$4,718.00	
Sickness Benefits Paid.....	48,420.00	
Death Benefits Paid.....	34,041.06	
Contributions Refunded.....	655.57	87,834.63
Total Payments.....		<u>\$356,352.18</u>
<i>Investments.</i>		
\$45,000 Manhattan Railway Company Consolidated Mortgage		
4% Bonds, at cost.....	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4½% Bonds, due 1960,		
at cost .....	15,255.41	<u>\$58,842.76</u>

### MEMBERSHIP STATEMENT

Membership June 30, 1911.....	6,029
Employees admitted to membership during year ended	
June 30, 1912 .....	2,011
Loss account of resignations, dismissals, deaths, etc. . .	<u>1,831</u>
Net gain during the year.....	180
Total membership June 30, 1912.....	<u>6,209</u>

During the year the Medical Examiners have made 5,379 calls on disabled members.

## MANHATTAN RAILWAY COMPANY

### CAPITALIZATION—JUNE 30, 1912

**Capital Stock**, (7% Dividend guaranteed by Interborough Rapid Transit Company) ..... \$60,000,000

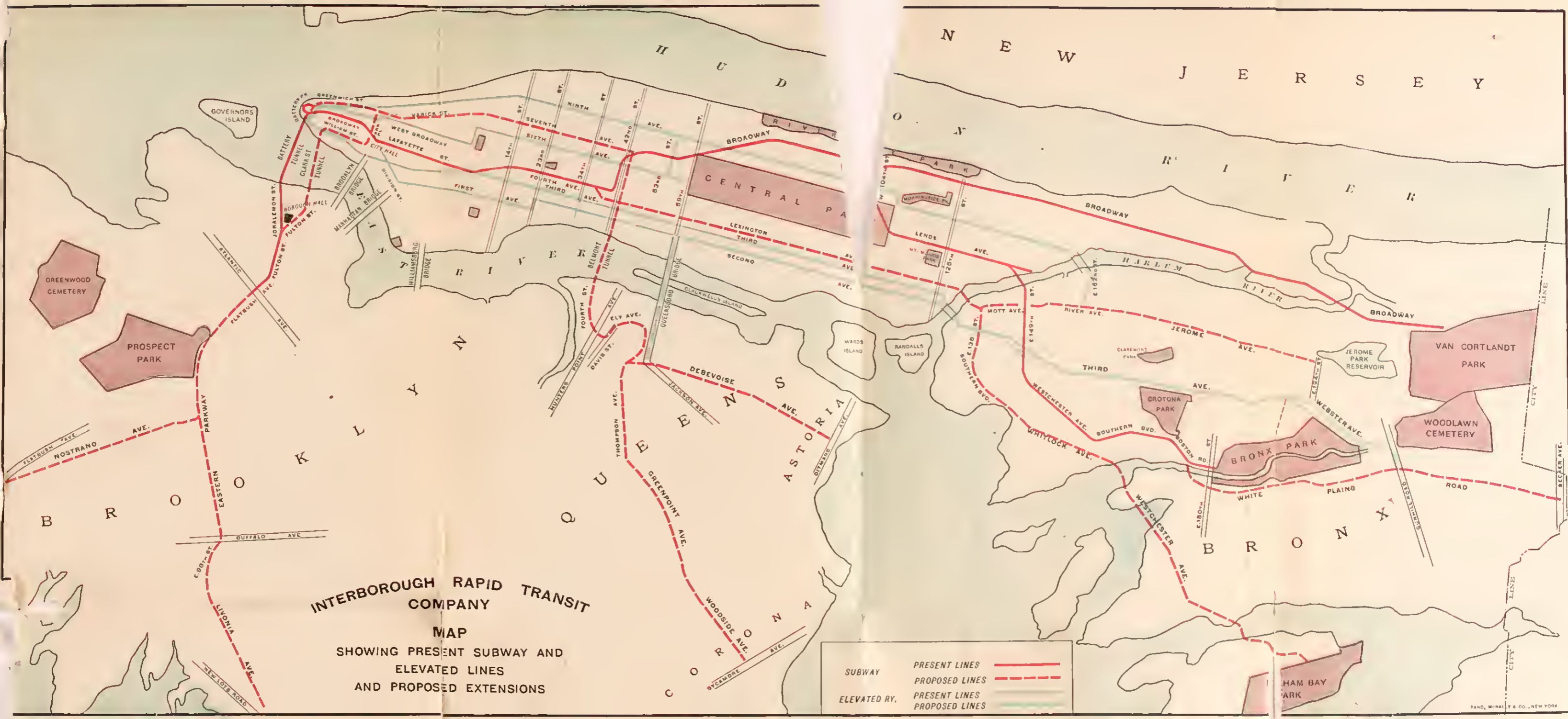
**Funded Debt:**

Manhattan Railway Consolidated Mortgage 4% Bonds due 1990 .....	\$39,762,000	
Convertible Bond Certificates exchangeable for Manhattan Railway Consolidated Mortgage 4% Bonds	15,000	
New York Elevated Railroad Debenture Bonds due 1916 .....	1,000,000	40,777,000
<b>TOTAL CAPITAL STOCK AND FUNDED DEBT</b> .....	<b>\$100,777,000</b>	

Note:—There are also outstanding \$13,000 Metropolitan Elevated Railway Company First Mortgage 6% Bonds called for redemption July 1st, 1908 to retire which \$13,000 remains on deposit with the Central Trust Company of New York, Trustee.









INTERBOROUGH  
COA

1912-1913

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1913

PRINT  
JOHN WARD & SON  
NEW YORK



# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1913

GERALD L. HOYT .....	New York
GARDINER M. LANE .....	Boston
JOHN PEIRCE .....	New York
GEORGE W. YOUNG .....	New York
Vacancy .....	

### TERMS EXPIRE 1914

ANDREW FREEDMAN .....	New York
H. M. FISHER .....	Plainfield, N. J.
WILLIAM A. READ .....	New York
THEO. P. SHONTS .....	New York
Vacancy .....	

### TERMS EXPIRE 1915

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
W. LEON PEPPERMAN .....	New York
F. DE C. SULLIVAN .....	New York
CORNELIUS VANDERBILT .....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
ANDREW FREEDMAN .....	New York
WILLIAM A. READ .....	New York
THEO. P. SHONTS .....	New York
CORNELIUS VANDERBILT .....	New York
Vacancy .....	

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board.....	AUGUST BELMONT, 43 Exchange Pl., N. Y. City
President and Chairman of Executive Committee.....	THEO. P. SHONTS
Asst. to President .....	W. LEON PEPPERMAN
Vice-President and General Manager .....	FRANK HEDLEY
Vice-President .....	D. W. ROSS
Secretary .....	H. M. FISHER
Treasurer .....	J. H. CAMPBELL
General Counsel .....	RICHARD REID ROGERS
General Attorney .....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR

Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE

Registrar of 45-Year. Gold Mtge. 5% Bonds, TREASURER OF COMPANY

Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.

Annual Stockholders' Meeting, Fourth Wednesday in September.

### MILEAGE JUNE 30, 1913

Division	Length of Road	Single Track	Two Tracks	Three Tracks	Four Tracks	Sidings Etc.	Total Single Track
Subway.....	25.72	.63	10.41	7.18	7.50	12.35	85.34
Manhattan Ry.....	37.68	....	22.38	15.30	....	27.34	118.00
Total Miles....	63.40	.63	32.79	22.48	7.50	39.69	203.34

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1913.

To the Stockholders:

Your Board of Directors submits herewith a report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1913.

The comparative income account for the years ended June 30, 1913 and 1912 is:

#### COMPARATIVE STATEMENT OF INCOME ACCOUNT

YEAR ENDED JUNE 30	1913	1912	Increase Decrease*
Gross Operating Revenue .....	\$32,497,870.72	\$31,246,392.10	\$1,251,478.62
Operating Expenses.....	13,260,743.14	13,047,801.64	212,941.50
Net Operating Revenue.....	19,237,127.58	18,198,590.46	1,038,537.12
Taxes.....	2,116,880.27	1,979,430.97	137,449.30
Income from Operation.....	17,120,247.31	16,219,159.49	901,087.82
Non-Operating Income.....	487,490.29	1,305,200.29	*817,710.00
Gross Income.....	17,607,737.60	17,524,359.78	83,377.82
Income Deductions.....	11,070,669.46	11,000,593.36	70,076.10
Net Corporate Income for the Year.....	6,537,068.14	6,523,766.42	13,301.72
Add:			
Surplus June 30, 1912 and June 30, 1911	8,531,260.85	6,990,348.29	1,540,912.56
Tax Refunds and Other Credits includ- ing in 1913 Interest on Advances to Trustees of New York and Long Island Railroad Company	2,326,542.76	796,888.70	1,529,654.06
Totals .....	17,394,871.75	14,311,003.41	3,083,868.34
Appropriated for:			
Taxes Prior Years, Amortization, Capital Retirements and Other Charges .....	121,915.77	529,742.56	*407,826.79
Dividends.....	4,200,000.00	5,250,000.00	*1,050,000.00
Total Appropriations.....	4,321,915.77	5,779,742.56	*1,457,826.79
Profit and Loss Surplus.....	\$13,072,955.98	\$8,531,260.85	\$4,541,695.13

The gross operating revenue for the year was \$32,497,870.72, an increase of \$1,251,478.62. The net corporate income for the year was \$6,537,068.14, equivalent to 18.68% on the capital stock of the Company as against 16.07% for the preceding year, and 14.68% for the year previous to that. After the payment of all charges and dividends aggregating ten per centum upon the capital stock, the net surplus from operations for the year was \$3,037,068.14. By excluding from last year's earnings the \$900,000 received from a special dividend on the capital stock of the Rapid Transit Subway Construction Company the surplus from the operations of this year shows an increase of \$913,301.72 over the previous year.

The operating expenses for the year were \$13,260,743.14, an increase of \$212,941.50 or 1.63% as against an increase in operating revenue of 4.01%. Included in operating expenses this year is an item of increase in labor cost approximating \$200,000, due to an increase in rate of pay awarded employees of the Company as of May 12, 1912, as mentioned in last year's report. In addition to this there was absorbed in operating expenses and credited to "Depreciation Reserve" \$184,998.74 in excess of the amount so set aside in the operations of the previous year. Eliminating, for the purpose of determining operating efficiency of the two years the total of these two items of arbitrary increase, operating expenses show an actual decrease of approximately \$172,000.00.

Your directors declared an extra dividend of 2% during the year, payable out of the surplus of the Company. Notwithstanding this payment there was an increase of \$4,541,695.13 in the profit and loss surplus during the year, of which, \$2,057,033.15 represents the interest from July 1, 1909, to March 19, 1913, upon the advances made by this Company to the Trustees of the New York & Long Island Railroad Company to provide means for the construction of the Belmont Tunnel and recognized by the Public Service Commission as part of the cost of the construction of the tunnel.

The total number of passengers carried during the year was 634,316,516, an increase of 27,071,819, a gain on the Subway Division of 24,497,654, and on the Manhattan Division of 2,574,165; the greatest increases being shown at the Grand Central Station with an increase of 2,000,000 in the number of tickets sold, and at the Atlantic Avenue, Brooklyn Station, with an increase of 2,300,000 in the number of tickets sold. The larger gain on the Subway Division is due primarily to the express service. This service will be inaugurated on all the divisions of the Manhattan Railway as soon as the third tracks recently authorized can be completed.

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 1913

Gross Operating Revenue.....	\$32,497,870.72
Operating Expenses.....	13,260,743.14
Net Operating Revenue.....	19,237,127.58
Taxes.....	2,116,880.27
Income from Operation.....	17,120,247.31
Non-Operating Income.....	487,490.29
Gross Income.....	17,607,737.60
Interest and Sinking Fund on City Bonds.....	\$2,339,482.68
Interest on Interborough Rapid Transit Company First Mortgage 5% Forty-five Year Gold Bonds.....	1,692,061.12
Sinking Fund on Interborough Rapid Transit Company First Mortgage 5% Forty-five Year Gold Bonds...	336,290.84
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	162,586.80
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds.....	50,000.00
Manhattan Railway Rental, (Organization).....	17,500.00
Guaranteed Dividend—7% on Manhattan Railway Com- pany Capital Stock.....	4,200,000.00
Amortization of Debt Discount and Expense.....	31,758.12
Interest on Unfunded Debt.....	643,333.34
Other Rent Deductions.....	6,576.56
Total Income Deductions.....	11,070,669.46
Net Corporate Income.....	6,537,068.14
Dividends on Interborough Rapid Transit Company Stock, (10%— 2% extra).....	4,200,000.00
Surplus.....	\$2,337,068.14
Per Cent. Expenses to Earnings.....	40.80
Passengers Carried.....	634,316,516

Gross Operating Revenue was \$32,497,870.72 as compared with \$31,246,392.10 last year, an increase of \$1,251,478.62 or 4.01%, the result of a gain on the Subway Division of \$1,114,047.68 or 7.10%, and on the Manhattan Railway Division of \$137,430.94 or 0.88%.

Operating Expenses were \$13,260,743.14 as compared with \$13,047,801.64 last year, an increase of \$212,941.50 or 1.63%, the result of an increase on the Subway Division of \$126,537.44 or 1.94%, and on the Manhattan Railway Division of \$86,404.06 or 1.32%.

Net Operating Revenue was \$19,237,127.58 as compared with \$18,198,590.46 last year, an increase of \$1,038,537.12 or 5.71%, the result of a gain on the Subway Division of \$987,510.24 or 10.76%, and a gain on the Manhattan Railway Division of \$51,026.88 or 0.56%.

The total amount of Taxes was \$2,116,880.27 as compared with \$1,979,430.97 last year, an increase of \$137,449.30 or 6.94%, the result of an increase on the Subway Division of \$25,602.35 or 7.04%, and on the Manhattan Railway Division of \$111,846.95 or 6.92%. The increase in taxes is principally due to an increase in the special franchise tax. The payment of this tax was made in full, subject to refund in case of a favorable decision of pending litigation.

Income from Operation was \$17,120,247.31 as compared with \$16,219,159.49 last year, an increase of \$901,087.82 or 5.55%, the result of a gain on the Subway Division of \$961,907.89 or 10.91%, and a loss on the Manhattan Railway Division of \$60,820.07 or 0.82%.

Non-Operating Income was \$487,490.29 as against \$1,305,200.29 last year, a decrease of \$817,710 the result of a decrease on the Subway Division of \$813,384.27 due to the special dividend of \$900,000 on Rapid Transit Subway Construction Company Stock which was received during the previous year, and a decrease on the Manhattan Railway Division of \$4,325.73.

Gross Income was \$17,607,737.60 as compared with \$17,524,359.78 last year, an increase of \$83,377.82 or 0.47%, the result of a gain on the Subway Division of \$148,523.62 or 1.47%, and a loss on the Manhattan Railway Division of \$65,145.80 or 0.87%.

Total Income Deductions were \$11,070,669.46 as compared with \$11,000,593.36 last year, an increase of \$70,076.10 or 0.64%, the result of an increase on the Subway Division of \$62,576.10 or 1.21%, and on the Manhattan Railway Division of \$7,500 or 0.13%.

The Net Corporate Income was \$6,537,068.14 as compared with \$6,523,766.42 last year, an increase of \$13,301.72 or 0.20%, the result of a gain on the Subway Division of \$85,947.52 or 1.74%, and a loss on the Manhattan Railway Division of \$72,645.80 or 4.54%.

The Surplus over Dividends of 12% (including an extra dividend of 2%) on the Capital Stock was \$2,337,068.14. On the basis of 10% dividends for each year and excluding the \$900,000, received during the previous year from a special dividend on the Capital Stock of the Rapid Transit Subway Construction Company the surplus for 1913 would be \$3,037,068.14 as compared with \$2,123,766.42, leaving \$913,301.72 as a gain in surplus from operations over the previous year.

The percentage of operating expenses to gross operating revenue was 40.80% as compared with 41.76% last year, a decrease of 0.96%, the result of a decrease on the Subway Division of 2.00% and an increase on the Manhattan Railway Division of 0.19%.

The total number of passengers carried was 634,316,516 as compared with 607,244,697 last year, an increase of 27,071,819 or 4.46%, the result of a gain on the Subway Division of 24,497,654 or 8.08%, and on the Manhattan Railway Division of 2,574,165 or 0.84%.

## CAPITALIZATION

	1913	1912	+ Increase — Decrease
Capital Stock.....	\$35,000,000	\$35,000,000	
Forty-Five-Year Gold Mortgage 5% Bonds, dated November 1, 1907, due November 1, 1952	\$29,559,000	\$33,959,000	—\$4,400,000
†First and Refunding Mortgage 5% Gold Bonds, dated January 1, 1913, due January 1, 1966.....	37,027,176		+\$37,027,176
Nine Months 5% Notes due January 29, 1913.....		\$15,000,000	—\$15,000,000
Total.....	\$101,586,176	\$83,959,000	+\$17,627,176

The First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, above referred to, were issued for the following purposes:

*To provide funds for Subway Contribution under Contract No. 3 dated March 19, 1913	\$16,043,000	
To provide funds for the retirement of the \$15,000,000 notes due January 29, 1913, as extended to May 1, 1913.....	16,043,000	
In exchange for \$4,400,000 Forty-Five- Year Gold Mortgage 5% Bonds, dated November 1, 1907.....	4,941,176	\$37,027,176

The balance of the issue of Forty-Five-Year Gold Mortgage 5% Bonds dated November 1, 1907, due November 1, 1952, have been called for redemption and will be paid on November 1, 1913, at the rate of 105 per centum of their face value and accrued interest, upon presentation of said bonds and unmatured coupons to the Guaranty Trust Company of New York, 140 Broadway, New York City. After that date interest on said bonds will cease.

## SINKING FUND

On November 1, 1912, the Company made the third annual payment required under the provisions of the Sinking Fund clause of the \$55,000,000 mortgage and deed of trust dated November 1, 1907, viz: \$339,590, and, in accordance with the provisions of the mortgage, the Trustee purchased for the Sinking Fund \$352,000 of the First Mortgage 5% Bonds costing \$371,870.18, making a total of the 5% Bonds purchased for the Sinking Fund \$939,000, at a cost of \$985,261.08

†The security underlying these bonds will be found on pages 39, 40 and 41.

\*Under contract with the City interest at the rate of 6%, less 2½% banking interest, is received upon the money provided for subway construction.

## FIRE INSURANCE

During the past year your Company has sustained less fire loss than any year since the electrification of the Elevated and Subway lines. There has been no fire loss whatever among the fixed properties, including the car barns, repair shops, paint shops, oil houses, yards and terminals, which are ordinarily considered to present many special fire hazards. The fire loss on rolling stock has been less than 0.05% of the insured value on both wooden and metal equipment.

This record is exceptional in view of the magnitude of the properties and the many different classes of risks dealt with. It emphasizes the merit of the rigid system of fire inspection the installation of improved apparatus for fire protection and supervision of the properties referred to in our last annual report, which will be continued by our Insurance Representatives with strictest attention.

The New York Board of Fire Underwriters having on July 1, 1913, completed an independent inspection of your properties, reports under date of July 12, 1913, as follows: "As the result of a recent re-inspection of the properties of the Interborough Rapid Transit Company, we wish to express our appreciation of the careful consideration which our recommendations have received."

## REAL ESTATE

Net income from your rented properties has increased this year over last, in spite of unusual expenses for improvements made necessary by the removal of sidewalk encroachments ordered by the City. During the year title to the building erected at the southeast corner of Columbus Avenue and Cathedral Parkway, at the expense of the tenant, at a cost of approximately \$30,000, was forfeited to your Company unencumbered by default under the terms of the lease of ground on which it was erected. This building is now well rented. Another lease, made by the Manhattan Railway Company in 1902 at a net rental of \$4,000 per year, was cancelled, and possession secured of fifty stores and odd buildings, which now bring a rental of \$19,000 per year. An interior plot of vacant land between Westchester and Stebbins Avenues, Rogers place and 165th Street, purchased for \$2,500 by the Manhattan Railway Company for proposed right of way, was sold for \$20,000.

It is the endeavor of your Company to convert into income producing property all frontages of land that are now in use for storage of material, etc., utilizing the less valuable part or parcels of land for the Company's purposes, or where practicable, contracting for cheaper property in substitution for the more valuable plots now being unprofitably used and which can be leased for other business to good advantage.

## **MAINTENANCE OF STRUCTURES POWER PLANT, AND EQUIPMENT**

The structures, equipment and other property of your Company have been maintained throughout the year at a high standard of efficiency, the following being some of the permanent improvements made and charged to current earnings.

### **Manhattan Railway Division**

The work of strengthening and reinforcing the elevated structures and of extending, widening and raising station platforms to conform to standard and facilitate the handling of passengers, has been continued on all lines of the Elevated Division throughout the year.

Alterations in progress at a number of stations on the Sixth Avenue, Ninth Avenue, and Second Avenue Lines, made necessary by the widening of streets, have been completed.

Improvements have also been made at 33rd Street and Sixth Avenue by increasing the entrance and exit facilities, and at the 42nd Street and Grand Central Station by the removal of the wooden bridge and relocating the stairway to fit the requirements of the new Grand Central terminal.

New automatic signals were installed on the north bound track at 129th Street on the Third Avenue Line with the track control extending half the length of the station for the purpose of saving time in train operation at this point.

Installation of four new signals, two home and two distant, with track circuits for protecting the curves, on both north and south bound tracks at 110th Street of the Sixth Avenue Line.

Improvements were also made in the interlocking signal system at 116th Street on the Sixth Avenue Line.

Improvements were made in the 98th Street yard and shops for the purpose of increasing the lighting and ventilating facilities, and an operating economy effected by the transfer and consolidation of some of the machinery from 148th Street to the 98th Street shops.

New bridge guards and rails were installed on the tracks of the Third Avenue Line and a new concrete wall constructed for the purpose of affording better protection to the elevated structure and columns in the New York, New Haven & Hartford Railroad yards north of the Harlem River.

225 Cars were equipped with improved fire extinguishers and eight additional cars were equipped with anti-climber devices.

Painting of the structures, stations and bridges on the Manhattan Division was continued during the year, a large amount having been expended for this purpose.

Rails equivalent to 28.4 miles of single track were renewed during the year, which is more than double the average amount of renewals for several years past.

Cross ties equivalent to 7.7 miles of single track were renewed.

## Subway Division

Replacement of insulators and protection boards in East River tunnel for the purpose of eliminating all material of an inflammable nature.

Installation of "resume speed" signals at the 142nd Street curve, Lenox Avenue junction, and at the Broadway crossover north of 96th Street.

Installation at fifteen stations of permanent lights over stop marks of a type similar to the illuminated marker now used for "resume speed."

Installation of illuminated signs at a number of stations, reading "Please Watch Your Step."

Replacing the wooden floors of ventilating chambers at Prince and Lafayette Streets, and Fourth and Lafayette Streets, with steel, to provide a better protection against fire.

Installation of additional railings, on local side of express platforms between Brooklyn Bridge and 96th Street for convenience and safety in operating side doors on local trains.

Installation of pipe rail barriers in front of Agent's booth at John Fulton, Bleecker, 18th, 23rd, 28th and 59th Street stations.

Installation of shower bath in trainmen's room at Atlantic Avenue Terminal, Brooklyn, including a gas water heater and a separate supply of gas.

Construction of a train starter's platform at the north end of north bound platform at 215th Street Station, on account of turning trains at that point.

Improvements in the control of ventilating blowers in the East River tunnels for the purpose of securing better ventilation.

Construction of a concrete wall 100 feet long between the tracks of the subway on the approach to the Harlem River tunnel from Lenox Avenue for the purpose of reinforcement.

Installation of rain guards under the grating over the north bound local track at Brooklyn Bridge station.

Construction of additional toilet facilities, for public convenience at the various stations along the line.

Installation of repeating signals on No. 2 track south of Bowling Green for the purpose of giving better protection to north bound trains running against traffic from Borough Hall.

136 Cars were equipped with sanitary hand holds.

276 Cars were equipped with Tungsten lamps.

15 Cars were equipped with anti-climber devices.

398 Heat treated axles were installed.

79 Cars had ceilings painted white.

2 Battery charging plants were installed for maintaining emergency lights.

Rails were renewed equivalent to about 20 miles of single track.

Cross ties were renewed equivalent to .81 miles of single track.

**ADDITIONS, BETTERMENTS AND IMPROVEMENTS  
AUTHORIZED DURING THE FISCAL YEAR  
ENDED JUNE 30, 1913:**

**MANHATTAN RAILWAY DIVISION**

The construction of a new passenger station on the Sixth Avenue line at 38th Street, which it is expected will materially increase revenue and furnish a much needed facility, for which the property owners will contribute one-third of the cost and the easement rights without charge.

Construction of a new station at 99th Street and Columbus Avenue with escalator, for which the property owners' consents were obtained without cost.

The installation in the 179th Street and Third Avenue Yard of two electrically operated centrifugal pumps, having a capacity of 1500 gallons per minute, for the purpose of affording additional fire protection.

Fireproof paint storage room outside of 129th Street and Second Avenue Car Barn in order to reduce fire risk and a saving in premium for insurance.

Replacement of the timber fender of the draw pier of Second Avenue Bridge across Harlem River in accordance with the Government requirements.

Moving the present one arm automatic signal on north bound track, Third Avenue Line, north of 144th Street, to new location and installation of new track circuit for this signal in its new location, and a two arm signal, home and distant, where the present one arm signal is now located, to facilitate the movement of north bound traffic.

Installation of a new signal and track circuit and the moving of present signal on Track No. 2 between 156th and 161st Street stations, Surburban Line, to relieve congestion of traffic at that point.

Moving signal south of 133rd Street Station, Third Avenue Line, further north, account of delays at this point.

Installation of one Riley and one Westinghouse Stoker in 74th Street Power Station. With the installation of these stokers, and the Taylor stokers already installed, it can be determined which apparatus will be best fitted for use in connection with the increase of the power plant to provide power for the new extensions and third tracks.

Extension of the undergrade bridges to the west side of Third Avenue at the 166th Street station and the 169th Street station with stairways therefrom to the sidewalk.

Installation of a universal fire nozzle equipment in the 179th Street and Third Avenue Yard for the better protection against fire.

Remodeling interior of shop building at 98th Street and Lexington Avenue to be used by the Commissary Department as an Employees General Store.

## SUBWAY DIVISION

Renewal of all axles on subway trailer cars, the new axle being composed of a special form of heat treated carbon steel. This is an important improvement made for the purpose of providing an additional factor of safety.

Installation of new stokers, blower sets and other apparatus under fourteen boilers in the 59th Street Power Plant. This change it is estimated will provide 33% more power than the former equipment.

The extension of platform, construction of two stairways and widening of escalator at Manhattan Street Subway Station.

The relocation of kiosks and station entrances and exits at the corners of 23rd Street and Fourth Avenue, necessitated by the widening of 23rd Street, the cost to be paid by the City.

The installation of two additional elevators at 181st Street Station capable of handling the increased business at that point.

Replacing anchor insulators in East River tunnel with those of a non-combustible material, and also substituting a fireproof protection board over the rails.

Substitution of two 300 k. w. steam driven turbo exciter sets for the present 3,000 ampere storage battery used for exciting current at the 59th Street Power Plant.

Relocation of tracks of Union Railway Company on Webster Avenue made necessary on account of the construction of the elevated extensions of the Company.

Installation of an emergency power connection between 59th Street and 96th Street Power Houses.

Painting of car ceilings white in order to improve the appearance and provide better light reflection. 79 cars have been painted in accordance with the new standard.

Installation of sanitary hand holds on 303 cars, which will complete the equipment of express service cars with this sanitary strap. This work will be inaugurated during July and completed before the end of the next fiscal year.

Installing railings around rotaries in Subway Division Sub-stations to prevent accidents to employees.

Construction of passageway between New York Central Terminal and Grand Central Subway Station, also extension of east mezzanine floor and making connection with building northwest corner Vanderbilt Avenue and 42nd Street.

Constructing new mezzanine at west end of Grand Central Subway station, together with stairways, platforms and approaches under the street and sidewalk, also connecting same with the office building on the southwest corner of 42nd Street and Madison Avenue.

Equipping 651 Subway cars with storage battery emergency lighting device.

Equipping 177 cars with collapsible door devices.

## **BELMONT TUNNEL**

In accordance with the terms of Contract No. 3 requiring this Company to procure an assignment to the City of New York of the New York and Long Island Railroad (Belmont Tunnel), preliminary steps have been taken by your Company whereby the constructed portion of the tunnel, together with all surviving franchises, consents, permits, and property connected therewith, vested in or held by the trustees, will be assigned to the Interborough Rapid Transit Company. The latter Company will thereupon, in accordance with the provisions of Contract No. 3 execute an assignment to the City, excluding real estate and other property not necessary to the construction, equipment, maintenance and operation of the railway.

It is proposed as soon as permission can be obtained from the public authorities to do the necessary work, to place the tunnel in operation so as to give the people of Long Island City better transit facilities and the benefit of a five cent fare to and from all points in Manhattan, reached by the subway, at the earliest possible date. The equipment for the tunnel has already been constructed and is now in use on other lines, so that there will be no delay in commencing operations as soon as the construction is completed.

## **EMPLOYEES STORES**

Your management has had in view for some time the advisability of establishing a number of commissary stores on its property for the purpose of giving to employes the benefit of a reduction in the cost of actual living necessities, such as meats, groceries, vegetables and other foodstuffs. The question of doing so was submitted to the employes on January 30, 1913, and met with instant favor, the vote, which was taken with blank ballots, being unanimous for the adoption of such a plan. Stores have been opened by the New York Railways Company at Nos. 818 and 2850 Eighth Avenue, and by this Company at No. 1354 Lexington Avenue, at all of which provisions are sold to employes of your Company and their families at actual cost.

That the opening of these stores was a popular move is demonstrated by the extensive manner in which they are patronized and the large sales which have been made since their inauguration. The Company does not desire to make any money in the conduct of these stores. Its aim is to benefit its employes by extending the purchasing power of their income, as an evidence of its appreciation of the satisfactory services rendered by them.

## OPERATIONS OF THE LEGAL DEPARTMENT IN THE ADJUSTMENT OF CLAIMS

### INJURIES AND DAMAGES

	1913	1912	Increase	
Claims, suits and judgments.....	\$362,342.60	\$275,008.46	\$87,334.14	32%
Expenses.....	153,215.92	134,288.13	18,927.79	14%

The Company during the year has continued its liberal policy towards persons injured on its lines. Claimants are not compelled to commence actions to obtain redress for honest claims. The Company voluntarily settled 3,063 claims for \$191,949.59 before any suit was brought, and compromised 385 suits before trial, for \$149,836, an increase of 845 claims settled and 132 suits compromised over last year. Notwithstanding this expenditure, however, the activities of the specialists in this class of business resulted in the bringing of 703 actions for personal injuries, an increase of 101 actions. The total judgments paid during the year aggregated only \$20,557.01 which is evidence of what the courts and juries think of the claims contested in court. The plaintiffs lost 65% of the cases tried and the appellate courts in some instances reversed the judgments rendered in the plaintiff's favor. The disbursements for claims, suits and damages amounted to 1.11% of the gross operating revenue, and the expenses incident thereto were 0.47% making an aggregate for the year of 1.58%, an increase of 0.27% of the gross, or \$106,261.93.

### TAXES

The second proceeding to determine the question as to whether the Company is subject to the State franchise tax on its corporate existence with respect to its operation of the subway has been finally passed upon by the State courts and decided adversely to the Company. A writ of error to review this decision has been issued out of the United States Supreme Court, and the extent of the statutory exemption from taxation granted by the Rapid Transit Act will then be finally determined. In the meantime the Company is preserving its right to secure the benefit of any possible cancellation of the assessments by the court of last resort. The taxes as assessed have been paid.

It is not improbable that a recent decision of the United States Supreme Court involving the liability of leased corporations for the payment of the excise taxes now levied by the United States Government, under the Act of Congress approved August 5, 1909, will serve to relieve the Manhattan Company from that obligation, and will result in a refund to this Company of approximately \$83,000 which it has paid for the years 1909 and 1910. The matter is now before the United States Commissioner of Internal Revenue.

## **CONTINENTAL SECURITIES COMPANY LITIGATION**

Two suits were brought in the United States District Court by the Continental Securities Company, one in 1908 and the other in 1909, against the Interborough Company and other defendants, including the Interborough-Metropolitan Company. In this litigation the Continental Securities Company attacked the Interborough-Metropolitan merger and sought its dissolution on the ground that it was an unlawful monopoly in violation of the "anti-trust" law of the State of New York. There was also involved an attack upon the validity of this Company's \$55,000,000 mortgage and the bonds issued thereunder, and it was sought to prevent the Interborough-Metropolitan Company from voting the stock of this Company in approval of the new \$300,000,000 mortgage necessary for the consummation of the "dual subway" scheme. The cases came on for a final hearing in March last. A decision on the merits has been recently rendered dismissing the several bills of complaint with costs. In its opinion the Court holds against the contentions of the Continental Securities Company in all particulars and sustains the validity of this Company's existing mortgages

## **MANHATTAN EASEMENT LITIGATION**

The test case brought in the Federal Courts to reopen on constitutional grounds the claims for damages of owners of property abutting upon the Elevated Lines, barred by limitation in our State Courts, has been decided favorably to this Company by the United States District Court. The claims thus barred aggregated several millions of dollars.

## **ASSIGNMENT OF CONTRACTS NOS. 1 AND 2**

In preparing the way for the execution of Contract No. 3, it was necessary for the Interborough Rapid Transit Company to procure an assignment to it of the construction provisions of Contracts Nos. 1 and 2. This was effected by the execution by Rapid Transit Subway Construction Company of two separate instruments, under date of January 30, 1913, whereby that Company, with the written consent of the Public Service Commission for the First District, assigned to the Interborough Rapid Transit Company so much of Contracts Nos. 1 and 2 as pertained to construction. By the execution of these instruments (the contract for operation having been previously assigned) the Interborough Rapid Transit Company has become the assignee of Contracts Nos. 1 and 2 in their entirety.

## NEW SUBWAYS AND ELEVATED EXTENSIONS

The contracts for the construction, equipment and operation of the New Subways and Elevated Extensions were executed at the office of the Public Service Commission on March 19, 1913. An attempt was made to block their execution by the obtaining of an injunction order restraining the Public Service Commission from executing them. The injunction order, however, was unanimously vacated by the Appellate Division, the Court saying:

"In so far as these contracts are the same as those considered by the Court of Appeals it has been determined by that Court that they are authorized by the Rapid Transit Act and the question would seem to have been finally settled that the Public Service Commission and the City of New York have legal authority to execute them."

The new Subway Lines embraced in Contract No. 3, consist of additions to and extensions of the present subway System, covered by Contracts Nos. 1 and 2, and comprise 146.8 miles of single track, known respectively as the

Seventh Avenue-Lexington Avenue Line,  
Eastern Parkway Line,  
Steinway Tunnel Line, and  
White Plains Road Line,

more fully described as follows:

A two track line from Battery Park northerly under Greenwich Street and West Broadway to Murray Street; thence four tracks northerly under West Broadway, Varick Street and Seventh Avenue to a connection with the present subway at West 43rd Street.

A two track line from West Broadway and Murray Street southerly under West Broadway to and under Park Place, Park Row, Beekman and William Streets, Old Slip to and under East River, Clark and Fulton Streets, Brooklyn, to a connection with the present four track subway at Borough Hall.

A four track line connecting with the present subway at Flatbush and Atlantic Avenues, under Flatbush Avenue, The Plaza, and Eastern Parkway to Buffalo Avenue; thence as a two track line under Lincoln Park, across Union Street to a point in the block bounded by Union Street, East New York Avenue, President Street and Buffalo Avenue, from which point the route emerges and continues as an elevated line over President Street, East New York Avenue, East 98th Street and Livonia Avenue to New Lotts Avenue; also a two track line from Eastern Parkway and Nostrand Avenue, under Nostrand Avenue to Flatbush Avenue.

A four track line from a connection with the present subway south of East 42nd Street, northerly under Lexington Avenue, the Harlem River and

Park Avenue to East 135th Street; thence as a two track line northerly to and under Mott Avenue to East 150th Street; thence northwesterly under Mott Avenue, East 153rd Street, Franz Sigel Park, Walton and Girard Avenues to a point in the block bounded by Girard Avenue, East 157th Street, River Avenue and East 153rd Street, where the route emerges and continues as an elevated three track line northerly to and along River and Jerome Avenues to Woodlawn Road; also a two track underground spur from Mott Avenue and East 146th Street under Mott Avenue, East 146th Street, Walton and Girard Avenues to East 149th Street, where a connection can conveniently be made with the present subway.

A two and three track underground line beginning at Park Avenue and East 135th Street, under Park Avenue, Canal Street west to East 138th Street, the Southern Boulevard, Hunts Point Road, the Public Park and Whitlock Avenue to a point between Aldus and Bancroft Streets, where the route emerges and continues as an elevated three track line northerly over Whitlock and Westchester Avenues to Pelham Bay Park.

A two track underground line from 42nd Street and Broadway easterly under 42nd Street and East River to a point in the Borough of Queens to a point under Fourth Street near Van Alst Avenue; thence under Fourth Street, Van Alst and Hunts Point Avenues to a point in the Freight Yards of the Long Island Railroad, where the route emerges and continues as a two track elevated line along Davis Street, Ely Avenue and Henry Street to Queensboro Bridge Approach and Plaza, and Jackson Avenue; thence as a two and three track elevated line over the Bridge Plaza, Jackson Avenue, Queens Boulevard, Greenpoint and Skillman Avenues to Fifth Street; thence over Skillman and Woodside Avenues to Roosevelt Avenue to Alburdis Avenue; also a two and three track elevated line from Queensboro Bridge Plaza and Jackson Avenue over the Bridge Plaza and along Jackson Avenue to and along Second Avenue to Ditmars Avenue.

A two and three track elevated line from a connection with the present subway viaduct in Boston Road between East 178th Street and 179th Street, over Boston Road, East 179th Street, Bronx Street, Bronx River, Devoe Avenue, East 179th Street, Lebanon Street, East 180th Street, Adams Street, Bronx Park Avenue, Unionport Road, Birchall Avenue and White Plains Road to its intersection with East 241st Street on Becker Avenue.

Contract No. 3 provides for the construction of the railroads above described, together with the necessary terminals, storage yards and shops, by the City of New York and that the Company, the Lessee of said lines, shall contribute towards the cost thereof \$58,000,000, unless the total cost shall be less than \$116,000,000, in which case the Lessee's contribution shall be diminished by one-half the difference between \$116,000,000 and the total cost of construction. The Lessee is to be deemed to have contributed the sum of \$3,000,000 towards the cost of constructing the said railroads upon the assignment to the City by it of the railway known as the "Belmont Tunnel."

The Lessee shall provide at its own expense such equipment for the said railroads as shall be adequate to the requirements of the traveling public, not to exceed an estimated cost to the Company for initial operation of \$22,000,000.

The City by the said Contract leases the said lines of railroad and their equipment to the Company for operation in conjunction with its existing railroads and equipment operated under Contracts Nos. 1 and 2 for a term of forty-nine years beginning January 1, 1917, and expiring December 31, 1965, provided, however, that if the completion of the trunk lines should be delayed through no fault of the Company, the beginning of the term is to be correspondingly postponed.

The City reserves the right, upon notice at any time after the expiration of ten years from the date of the commencement of operation to recapture all, or certain specified groups, of the new subways upon making payment therefor as specified in the contract. Provision is made for the equitable substitution of the downtown branch of the existing subway for the new downtown branch of the projected subway, or of the uptown branch of the existing subway for the new uptown branch of the projected subway (thus making a direct longitudinal line either upon the east side or upon the west side of the City); but in this event the branch taken over by the Interborough Company in exchange for the branch given up, is not to be subject to termination upon notice.

The leases from the City under which the Company now operates the existing subways are modified so as to expire contemporaneously with the lease of the new subways, but are not subject to termination by notice except as, in accordance with the provisions of the contract, portions thereof may be taken over in substitution for the Seventh Avenue Branch or the Lexington Avenue Branch of the new subways.

#### **RENTALS TO BE PAID THE CITY**

The lease provisions of Contract No. 3 provide that the gross receipts of the railways constructed under Contracts Nos. 1 and 2, hereinafter collectively termed the "Existing Railroads," and those constructed under Contract No. 3, hereinafter collectively termed the "Railroad," shall be combined during the terms of the latter Contract and that the City shall receive as rental a specified part thereof to be determined as follows:

From the said gross revenue the Lessee shall deduct (proportionately at the end of each quarter year) in the order named :

1. (a) The rentals required to be paid to the City under Contract No. 1 and Contract No. 2 for the Existing Railroads in the amount payable when the term of the lease begins.

(b) Such rentals, actually and necessarily payable by the Lessee for the use of other property in connection with the Railroad and the Existing Railroads, under contracts or leases approved by the Commission, as are not included in operating expenses in the accounting system prescribed by the Commission.

2. Taxes and such assessments for benefits as are not properly chargeable to cost of construction or cost of equipment.

3. All expenses, exclusive of maintenance actually and necessarily incurred by the Lessee in the operation of the leased Railroads.

4. An amount equal to twelve (12%) per centum of the revenue for the maintenance of the said Railroads, exclusive of depreciation.

5. For the first year of operation under the lease an amount equal to five (5%) per centum of the revenue for depreciation, and for the subsequent years of the lease such allowances for depreciation and excess maintenance as may be determined by the Commission and the Lessee. The said 5% for the first year of operation and such amounts as may be determined for future years as aforesaid shall be paid into certain depreciation funds for which the contract makes provision.

6. The sum of Six million Three Hundred and Thirty-five Thousand (\$6,335,000) Dollars to be retained by the Lessee for each year of the term of the lease as representing the average annual income from the operation of the Existing Railroads.

7. An amount equal to six (6%) per centum of the Lessee's contribution towards the cost of construction of the Railroad and the cost of equipment of the Railroad for initial operation (such contribution and such cost of equipment, however), not to exceed Eighty Million (\$80,000,000) Dollars, out of which the Lessee shall set aside amounts sufficient, with interest and accretions thereon, to amortize within the terms of the lease such contribution and such cost.

8. An amount representing the annual interest upon the cost of any additional equipment, furnished by the Lessee, plus 1% for amortization.

9. An amount representing the annual interest upon the cost to the Lessee of construction of additions to the Railroad and Existing Railroads, plus 1% for amortization.

10. An amount to be paid to the City equal to eight and seventy-six one hundredths (8.76) per centum of the portion of the cost of construction of the Railroad, exclusive of additions, paid by the City.

11. An amount to be paid to the City representing the annual interest charge to the City upon its share of the cost of construction of each additional unit of Additions to the Railroad and Existing Railroads, together with an amount equal to 1% thereof for its amortization.

12. One (1%) per centum of the revenue shall be paid quarterly into a separate fund until and to the extent that may be necessary to create and maintain a contingent reserve fund, equal to one (1%) per centum of the cost of construction and the cost of equipment of the Railroad, or of the portion thereof remaining in operation.

13. The amount remaining after making all such deductions shall be deemed to be the income, earnings and profits of the leased Railroads, which income, earnings and profits shall be divided, fifty (50%) per centum to be paid to the City and the remaining fifty (50%) per centum to be retained by the Lessee.

If in any quarter year the revenue shall be insufficient to meet the various obligations and deductions aforesaid in respect to said revenue, the deficits shall be cumulative and payments of such deficits shall be thereafter made in full before deducting the amounts required in the paragraph succeeding the paragraph providing for the payment of the obligations or deductions as to which there has been such deficit. Interest shall be payable upon such deficits at the actual rate payable by the Lessee or the City, or in the event that the Lessee or the City should not borrow money for the purpose of paying such deficits, then at the average rate of interest payable by the Lessee or the City on long term securities issued for the purpose of carrying out their obligations under this Contract. Interest upon such deficits shall semi-annually be added to and form a part of the cumulative deficits.

## MANHATTAN RAILWAY CERTIFICATE

The Manhattan Railway Company was, by the Certificate of the Public Service Commission dated March 19, 1913, authorized to construct, equip and operate certain additional tracks as a part of the elevated system of the said Company upon its Second, Third and Ninth Avenue Lines, described below, which Certificate has been accepted by the Manhattan Railway Company; and under date of March 15, 1913, the Manhattan Railway Company and Interborough Rapid Transit Company have entered into an agreement providing that the plant and property to be constructed by the Interborough Rapid Transit Company under the said Certificate shall be deemed additions or improvements to the demised property made by the Lessee under the terms of the lease dated January 1, 1903, and providing for payment to Interborough Rapid Transit Company or to representatives of its bondholders of any sum that may be paid by the City as a condition of the termination of the authorizations granted by the said Certificate to the proportional extent that the plant and property taken by the City upon such termination shall have been paid for by the Interborough Rapid Transit Company.

### SECOND AVENUE LINE

The completion of a third track from Chatham Square to the Harlem River, enabling the Company to give through express service from City Hall Station to 145th Street by the use of the third and fourth tracks of the Third Avenue Line between City Hall and Chatham Square, and between the Harlem River and 145th Street. It will also enable the Company to give through express service between points in the Borough of Queens and City Hall Station, Manhattan.

### THIRD AVENUE LINE

The completion of the third and fourth tracks from the intersection of Pearl Street and Franklin Square through Pearl Street and the Bowery to Canal Street, and a fifth track between Chatham Square and Canal Street; thence a third track to 129th Street and Second Avenue; thence two additional tracks over the Harlem River and along Third Avenue to 145th Street; thence a third track through Third Avenue to Pelham Avenue; also a fifth track between 138th Street and 142nd Street; a fourth track between 126th and 129th Streets; and a third and fourth track between City Hall Station and Chatham Square, giving to the people of the Bronx a complete third track operation from north of the Harlem River to City Hall.

#### NINTH AVENUE LINE

The completion of a third track from Battery Park Place and Greenwich Street to the Harlem River.

The licenses granted for the additional tracks above referred to shall be held by the Manhattan Railway Company for a period of eighty-five (85) years from the date on which it shall first begin operation of any part of any of the railroads in question.

As compensation there shall be payable by the Manhattan Company to the City from the gross receipts from the transportation of passengers and property for each year or portion thereof, of each station served by express trains upon such line a sum equal to two (2%) per centum of the excess of such gross receipts over the gross receipts of the same station from the transportation of passengers and property for the year ended June 30, 1911, or for a corresponding portion of such year; but no percentage of the gross receipts of intermediate local stations shall be required to be paid. The amounts to be so paid shall be readjusted at the end of twenty-five (25) years, and thereafter at intervals of twenty (20) years.

#### INTERBOROUGH CERTIFICATE

The Interborough Rapid Transit Company was, by the Certificate of the Public Service Commission dated March 19, 1913, authorized to construct, equip and operate certain extensions and connections of the Manhattan Railway System described below:

#### WEBSTER AVENUE LINE

A three track elevated railroad diverging from the existing structure of the Third Avenue Line of the Manhattan Railway Company at a point about five hundred feet north of Pelham Avenue and Third Avenue and extending through Webster Avenue and other streets and places to a point in the White Plains Road, where a connection can conveniently be made with the municipal railroad to be constructed under the provisions of Contract No. 3.

#### EIGHTH AVENUE AND 162ND STREET CONNECTION

A two track elevated railroad diverging from the existing structure of the Ninth Avenue Line of the Manhattan Railway Company near West 157th Street and Eighth Avenue and extending over private property, public streets and the Harlem River to a point in River Avenue near 162nd Street, where a connection can conveniently be made with the municipal railway to be constructed under the provisions of Contract No. 3.

#### QUEENSBORO BRIDGE LINE

A two track elevated railway diverging from the existing structure of the Second Avenue Line of the Manhattan Railway Company on Second Avenue between East 58th and East 60th Streets and extending thence across the Queensboro Bridge to the easterly side of Ely Avenue, in the Borough of Queens, where connections will be made with Rapid Transit Lines constructed in Queens.

#### WEST FARMS SUBWAY CONNECTION

A two track elevated railroad diverging from the existing Third Avenue Line of the Manhattan Railway Company at about 143rd Street; thence extending through private property and various streets and places to a point near the intersection of Brook and Westchester Avenues, where a connection can conveniently be made with the West Farms division of the existing Manhattan-Bronx Rapid Transit Railroad.

The licenses granted for the extensions above referred to shall be held by the Interborough Company for a period of eighty-five (85) years from the date on which the Interborough Company shall first begin operation of any sort on any of the railroads in question, unless sooner terminated as provided in said Certificate.

After the beginning of operation of any part of any of the extensions the net profits upon all elevated lines operated by the Interborough Company, including additional tracks to be added thereto under the Manhattan Certificate, in excess of the average annual net profits of the existing Manhattan Railway for the two years ended June 30, 1910 and 1911, shall be ascertained and one-half of the amount remaining of the said excess of net profits, after deducting therefrom the rental for additional tracks, shall be deemed to be the compensation payable to the City by the Interborough Company. The amount of excess net profits shall be ascertained by first deducting taxes, rentals not chargeable to operating expenses, including rentals payable to the Manhattan Railway Company for the use of property in connection with the Company Lines under contracts or leases, operating expenses, maintenance, depreciation, interest and sinking fund on bonds for extensions, additional tracks, power houses, equipment or additions to the Company Lines, and an amount to be retained by the Interborough Company equal to \$1,589,348.00 as representing the average net profits of the existing Manhattan Railway for the two years ended June 30, 1910 and 1911, provided, how-

ever, that if the federal corporation tax be held to be payable in respect of dividends on the stock of the Manhattan Railway Company the aforesaid amount shall be reduced to the sum of \$1,547,351.

If in any quarter the revenue shall be insufficient to meet the various obligations and deductions referred to above, the deficit shall be accumulated and the payment of such deficits shall be thereafter made before deducting the amounts required in the paragraph succeeding the paragraph for the payment of the obligation or deductions as to which there has been such deficit. Interest shall be payable upon such deficits at the annual rate payable by the Interborough Company.

The certificate further provides that the authorization thereby given for the said lines are separate grants which may be terminated by the City at any time after the expiration of ten years from the date of initial operation upon payment for the plant and property thereof in amounts which decrease from one hundred and fifteen (115%) per cent. of the actual cost thereof so that at the expiration of the full term of the grant no payment is to be made. And further provision is made for compensation for additions to the railroads authorized by the certificate completed or put in operation within less than forty years.

#### **BONDS TO BE ISSUED**

For the purpose of financing the above expenditures and funding the outstanding notes and 5% bonds of the Company, the latter dated November 1, 1907, due 1952, it was deemed prudent and economical to issue a mortgage of such proportions as would obviate the necessity for future issues, and a First and Refunding Mortgage was therefore created to the Guaranty Trust Company of New York, Trustee, securing \$300,000,000 of 5% Gold Bonds, dated January 1, 1913, due January 1, 1966.

The Interborough Company has paid the special tax under Article XI of the tax laws of this State, so as to make the bonds now issued tax exempt in New York.

The said First and Refunding Mortgage provides that the \$33,959,000 Forty-five Year Gold Mortgage 5% Bonds, dated November 1, 1907, shall when and as redeemed be deposited with the Trustee thereunder and held by it as part of the security thereof until all of said bonds shall have been redeemed pursuant

to said call, when they shall be surrendered to the Trustee of the mortgage, dated November 1, 1907, by whom said mortgage shall then be discharged and satisfied.

Not exceeding \$170,000,000 of First and Refunding Mortgage 5% Bonds were sold to J. P. Morgan & Co., Bankers, at 93½% of their face value and accrued interest, the Company to receive in addition fifty (50%) per cent. of any amount received from their sale in excess of par and accrued interest, after deducting all expenses.

The Bonds are to be taken by bankers in not exceeding the following amounts :

During the year from January 1, 1913, to January 1, 1914.....	\$78,000,000
During the year from January 1, 1914, to January 1, 1915.....	30,000,000
During the year from January 1, 1915, to January 1, 1916.....	30,000,000
During the year from January 1, 1916, to January 1, 1917, not more than..	32,000,000

If any part of the Company's contribution should be defrayed by the use of other available funds of the Company, the foregoing issue of bonds may be correspondingly reduced.

In case the City shall exercise the right of recapture reserved in said Contract No. 3, or in the Manhattan and Interborough Certificates, in respect of any of the lines of railway leased thereby all moneys thereupon payable to the Company are to be received by the Trustee and applied to the redemption of the bonds. The moneys at any time so payable by the City will be sufficient to retire at 110 outstanding bonds of an amount equal to the unamortized portion of the bonds issued for the construction and equipment of the line or lines to be recaptured by the City, and by the operation of the sinking funds hereinbefore mentioned the full amount of the bonds issued for original construction and equipment is to be amortized within the terms of the lease.

A cumulative sinking fund of one-half of one per centum for each half year, payable in cash or in bonds at the rates and under the conditions therein specified, is required under the mortgage, the first semi-annual payment to be made not later than July 1, 1918. Bonds may be redeemed in any amount from the sinking fund, on any interest date, at 110 and accrued interest, or

as provided in the mortgage may be acquired at a lower price. By the operation of the sinking fund, the amount of bonds issued for original construction and equipment is to be amortized within the terms of the lease. The sinking fund and the terms of the contract and certificates are designed to provide adequately also for payment of bonds that later may be issued for additional improvements and equipment. The Company will have the right at any time to increase the sinking fund. The Company also, at its option, may call for redemption and cancellation on any interest day, at 110 per cent. and accrued interest, all of the bonds then outstanding, or any amount thereof aggregating not less than \$500,000 of principal.

The above mortgage was approved by the Public Service Commission under date of March 20, 1913, the order of approval carrying with it authority to issue \$160,957,000 face value of bonds redeemable at 110% of their face value and accrued interest, and the sale thereof at not less than 93½% of their face value and accrued interest, the proceeds to be applied to the following purposes:

1. Toward the discharge or refunding of the mortgage bonds of said company issued under its mortgage dated November 1, 1907, to the aggregate principal amount of \$32,896,000 at the redemption price of 105% of the face value thereof,
 

for principal.....	\$32,896,000	
for premium of 5% thereon.....	1,644,800	\$34,540,800
  
2. To discharge or refund the renewal notes of the said company dated January 29, 1913, and due May 1, 1913, to the aggregate principal amount of \$15,000,000..... 15,000,000
  
3. Toward the discharge of its immediate obligation to contribute toward the cost of construction of the rapid transit railroads for initial operation under the Contract between the City of New York and the said Interborough Rapid Transit Company, dated March 19, 1913, for the construction, equipment and operation of additional rapid transit railroads..... 53,000,000

4. To pay the cost of equipment of the said rapid transit railroad for initial operation under and pursuant to said contract dated March 19, 1913, as such cost may be determined pursuant to said contract, including in such equipment any improvement reconstruction, modification or change, authorized by the said contract dated March 19, 1913, and made pursuant thereto, of the power houses, sub-stations or other electrical equipment forming part of the existing equipment of rapid transit railroads now leased to and operated by it under contracts known and described as Contract No. 1 and Contract No. 2. . . . . \$21,000,000

5. To pay the actual cost of plant and structure and of equipment of third or additional tracks upon the lines of elevated railroad of the Manhattan Railway Company (leased to and operated by the company), under and pursuant to a certificate authorizing the construction, maintenance and operation of such third or additional tracks granted to said company dated March 19, 1913, as such actual cost may be determined pursuant to such certificate, including modifications, reconstructions, improvements or betterments of existing structures of the Manhattan Railway Company to facilitate construction or use of said plant and structure under such certificate, other than repairs, maintenance or replacements, but including replacements not due to wear and tear from operation and necessitated by the modification or reconstruction of existing structures of the Manhattan Railway Company to facilitate the construction or use of said plant and structure or of said equipment under such certificate. . . . . 10,800,000

6. To pay the actual cost of plant and structure and of equipment of the extensions of lines of elevated railroads of the Manhattan Railway Company (leased to and operated by the Company) under and pursuant to a certificate granted to said company and dated March 19, 1913, authorizing the construction, maintenance and operation of such extensions in

conjunction with the existing Manhattan Railroad and, through trackage agreements, in conjunction with parts of the municipal railroads specified in said certificate, as such actual cost may be determined pursuant to such certificate including replacements, substitutions, or renewals not due to wear and tear from operation and necessitated by the reconstruction of parts of the existing structures of the Manhattan Railway Company for the purpose of physically connecting the same with said extensions..... \$13,154,000

7. To pay the cost of the improvements, reconstructions or changes to the powerhouse, substations, transmission lines and electrical apparatus required in connection therewith now forming part of and supplying the lines of the existing Manhattan Railroad (other than repairs, maintenance or replacements), which shall be necessary to provide additional power for the operation of the extensions (including trackage rights) and the additional tracks authorized by said certificates, dated March 19, 1913, but including replacements not due to wear and tear from operation and necessitated by the modification or reconstruction of said existing powerhouse, substations, transmission lines or electrical apparatus to facilitate said purpose..... 3,000,000

8. For the expenses of the sale of the bonds hereby authorized and to make up the discount or deficiency, if any, in the amount realized upon the sale to net not less than 93½ per centum of par of the bonds sold for the purposes specified in Subdivisions 1, 2, 3, 4, 5, 6 and 7 of this paragraph of this Section to be applied pro rata for the purposes therein stated, not exceeding the sum of..... 10,462,200  
\$160,957,000

In their order above referred to the Public Service Commission states that the money to be procured by the issue of these bonds to the amount of \$160,957,000, is necessary to and reasonably

required by said Company for the acquisition of property or for the construction, completion, extension or improvement of its facilities in accordance with Contract No. 3 and the Interborough and Manhattan Certificates, and for the discharge or refunding of its obligations.

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Work on the new Subway extensions was inaugurated by the City on September 20, 1911, and the construction of the Lexington Avenue branch is approximately 31% completed. Work is also progressing favorably in Queens and in the Bronx, and contracts and specifications for the Seventh Avenue and other branches are now in course of preparation. All of these contracts are being let by the city.

With respect to the Manhattan Elevated extensions and third tracks, it is the purpose of your Company to expedite this construction so that additional rapid transit facilities may be available to relieve the present congestion on both the Elevated and Subway Divisions at the earliest possible moment.

Additional power requirements for the operation of both the Subway and Manhattan Railway extensions can be secured at a minimum cost through the installation of new high pressure turbo generator units in the Company's present main 59th and 74th Street Power Houses, so that from present indications it will not be necessary to add either to its buildings or real estate holdings for this purpose.

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Acknowledgment is made of the efficient services rendered to the Company and its patrons by the officers and employees during the past year.

Respectfully submitted, by order of the Board of Directors.

THEODORE P. SHONTS,  
President.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1913 AND 1912

YEAR ENDED JUNE 30,	1913			1912			Increase Decrease*
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation....	\$15,365,163.53	\$16,358,675.41	\$31,723,838.94	\$15,235,538.32	\$15,136,295.41	\$30,371,833.73	\$1,352,005.21
Other Street Railway Operating Revenue.....	324,751.60	449,280.18	774,031.78	316,945.87	557,612.50	874,558.37	*100,526.59
Gross Operating Revenue....	\$15,689,915. 3	\$16,807,955.59	\$32,497,870.72	\$15,552,484.19	\$15,693,907.91	\$31,246,392.10	\$1,251,478.62
Operating Expenses:							
Maintenance of Way and Structures.....	\$906,376.83	\$791,580.95	\$1,697,957.78	\$908,342.97	\$777,310.36	\$1,685,653.33	\$12,304.45
Maintenance of Equipment.....	1,022,229.52	1,781,057.16	2,803,286.68	1,024,446.96	1,748,948.32	2,773,395.28	29,891.40
Traffic.....	276.63	175.40	452.03	268.34	318.41	586.75	*134.72
Transportation Expenses.....	4,045,763.20	3,364,178.78	7,409,941.98	4,010,071.12	3,332,631.76	7,342,702.88	67,239.10
General Expenses.....	641,691.45	707,413.22	1,349,104.67	586,804.18	658,659.22	1,245,463.40	103,641.27
Total Operating Expenses....	\$6,616,337.63	\$6,644,405.51	\$13,260,743.14	\$6,529,933.57	\$6,517,868.07	\$13,047,801.64	\$212,941.50
Net Operating Revenue.....	\$9,073,577.50	\$10,163,550.08	\$19,237,127.58	\$9,022,550.62	\$9,176,039.84	\$18,198,590.46	\$1,038,537.12
Taxes .....	1,727,475.00	389,405.27	2,116,880.27	1,615,628.05	363,802.92	1,979,430.97	137,449.30
Income from Operation.....	\$7,346,102.50	\$9,774,144.81	\$17,120,247.31	\$7,406,922.57	\$8,812,236.92	\$16,219,159.49	\$901,087.82
Non-Operating Income.....	47,444.02	440,046.27	487,490.29	51,769.75	11,253,430.54	11,305,200.29	*817,710.00
Gross Income.....	\$7,393,546.52	\$10,214,191.08	\$17,607,737.60	\$7,458,692.32	\$10,065,667.46	\$17,524,359.78	\$83,377.82
Interest and Sinking Fund on City Bonds.....							
Interest on Interborough Rapid Transit Co. 1st Mort. 5% Forty- Five Year Gold Bonds.....		\$2,339,482.68	\$2,339,482.68		\$2,312,943.28	\$2,312,943.28	\$26,539.40
Sinking Fund on Interborough Rapid Transit Co. 1st Mort. 5% Forty-Five Year Gold Bonds....		1,692,061.12	1,692,061.12		1,617,033.74	1,617,033.74	75,027.38
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....		336,290.84	336,290.84		329,692.50	329,692.50	6,598.34
		162,586.80	162,586.80				162,586.80

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds..	50,000.00	50,000.00	50,000.00	\$50,000.00
Manhattan Railway Rental, (Organization).....	17,500.00	17,500.00	10,000.00	10,000.00
Guaranteed Dividend—7% on Manhattan Railway Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense.....	\$31,758.12	31,758.12	97,086.74	97,086.74
Interest on Unfunded Debt.....	643,333.34	643,333.34	786,180.54	786,180.54
Other Rent Deductions.....	6,576.56	6,576.56	6,576.56	6,576.56
Total Income Deductions ....	\$5,865,156.56	\$11,070,669.46	\$5,142,936.80	\$11,000,593.36
Net Corporate Income.....	\$1,528,389.96	\$6,537,068.14	\$4,922,730.66	\$6,523,766.42
Dividends on Interborough Rapid Transit Co. Stock (10%—2% extra for 1913, 5% extra for 1912)		4,200,000.00	5,250,000.00	5,250,000.00
Surplus.....	\$1,528,389.96	\$2,337,068.14	\$1,601,035.76	\$1,273,766.42
Per Cent. Expenses to Earnings : Excluding Taxes.....	42.17	40.80	41.98	41.76
Including Taxes.....	53.18	47.32	52.37	48.09
Passengers Carried.....	306,845,006	327,471,510	304,270,841	607,244,697
Daily Average Passengers Carried	840,671	897,182	831,341	1,659,138

† Including first dividend—15%, (\$900,000.)—on Capital Stock of Rapid Transit Subway Construction Company.  
 ◇ Deficit.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1913 AND 1912

Description	1913	1912	Increase
Interest and Sinking Fund on City Bonds .....	\$2,339,482.68	\$2,312,943.28	\$26,539.40 (1)
Interest on First Mortgage, 5%, 45-Year Gold Bonds.....	1,692,061.12	1,617,033.74	75,027.38 (2)
Sinking Fund on First Mortgage, 5%, 45-Year Gold Bonds.....	336,290.84	329,692.50	6,598.34
Interest on First and Refunding Mortgage, 5% Gold Bonds.....	162,586.80		162,586.80 (3)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds ...	1,591,080.00	1,591,080.00	
Interest on New York Elevated Railroad 5% Debenture Bonds. ....	50,000.00	50,000.00	
Manhattan Railway Rental, (Organization) .....	17,500.00	10,000.00	7,500.00 (4)
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense.....	31,758.12	97,086.74	*65,328.62 (5)
Interest on Unfunded Debt .....	643,333.34	786,180.54	*142,847.20 (6)
Other Rent Deductions... ..	6,576.56	6,576.56	
Total Income Deductions	\$11,070,669.46	\$11,000,593.36	\$70,076.10

\*Decrease.

### NOTES

(1) Due to increase in amount of bonds issued by the City to provide means for the extending of Subway station platforms, constructing new stations and additional station entrances and exits, and in connection with the acquiring of easements and real estate for the Brooklyn Extension.

(2) Due principally to the issuance on December 22, 1911, to the Rapid Transit Subway Construction Company of \$3,407,000 of First Mortgage, 5%, 45-Year Gold Bonds in part payment of the excess cost of Brooklyn Extension.

(3) Due to the issuance on April 21, 1913, of \$16,043,000 of First and Refunding Mortgage, 5% Gold Bonds, to provide funds for the retirement of \$15,000,000 Notes due May 1, 1913, and to the issuance in June, 1913, of \$4,941,176 in exchange for \$4,400,000 First Mortgage, 5%, 45-Year Gold Bonds.

(4) Due to the increase in the organization rental payable to the Manhattan Railway Company under the agreement with that Company dated March 15, 1913.

(5) Due principally to the difference between the discount on \$10,000,000 One-Year Notes, dated April 29, 1911, which was amortized during the year ended June 30, 1912, and the discount on \$15,000,000 Notes, dated January 29, 1913, which was amortized during the year ended June 30, 1913.

(6) \$15,000,000 5% Nine-Month-Notes, due January 29, 1913, were extended at 4½% to May 1, 1913, upon which date they were paid. Interest on \$3,500,000 of the indebtedness to the Rapid Transit Subway Construction Company ceased to be "Interest on Unfunded Debt" on the issuance to that Company of \$3,407,000 of Bonds on December 22, 1911.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT SHOWING RESULTS FROM OPERATIONS FOR THE YEARS ENDED JUNE 30, 1909 TO 1913, INCLUSIVE

*Note.*—The results for the years 1910 to 1913, inclusive, are hereinbelow stated in conformity with the rules of the "Uniform System" of accounting effective July 1st, 1909. Those for 1909 are so stated as nearly as possible.

	YEAR ENDED JUNE 30,			
	1909	1910	1911	1912
Gross Operating Revenue.....	\$26,524,394	\$28,987,648	\$29,767,352	\$31,246,392
Operating Expenses.....	10,747,443	11,013,143	12,368,982	13,047,802
Net Operating Revenue.....	\$15,776,951	\$17,974,505	\$17,398,370	\$18,198,590
Taxes.....	1,799,807	1,750,422	1,925,090	1,979,431
Income from Operation.....	\$13,977,144	\$16,224,083	\$15,473,280	\$16,219,159
Non-Operating Income.....	1,001,775	411,024	339,915	1,305,200
Gross Income.....	\$14,978,919	\$16,635,107	\$15,813,195	\$17,524,359
Interest on Bonds and Notes, Rentals, Sinking Fund and Amortization Charges, (including Manhattan Guarantee).....	10,389,096	10,552,960	10,673,158	11,000,593
Net Corporate Income.....	\$ 4,589,823	\$ 6,082,147	\$ 5,140,037	\$ 6,523,766
Dividends.....	3,150,000	3,150,000	* 3,500,000	† 5,250,000
Surplus.....	\$ 1,439,823	\$ 2,932,147	\$ 1,640,037	\$ 1,273,766
Per Cent. Expenses to Earnings.....	40.52%	37.99%	41.55%	41.76%
Passengers Carried .....	514,680,342	562,788,395	578,154,088	607,244,697
*9% regular and 1% extra				
†10% regular and 2% extra				

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1913

## ASSETS

FIXED CAPITAL.....		\$50,508,232.89
INVESTMENTS.....		21,112,865.63
ADVANCES TO ASSOCIATED COMPANIES :		
Notes Receivable.....	\$7,026,829.45	
Open Accounts.....	6,866,705.69	13,893,535.14
CURRENT ASSETS :		
Cash.....	\$1,249,068.70	
Accounts Receivable.....	5,588,988.71	
Bills Receivable.....	2,506,120.00	
Interest and Dividends Receivable.....	175,281.45	
Material and Supplies.....	1,488,919.30	
Special Deposits :		
To meet Coupons due not presented...	\$17,916.08	
To meet uncollected Dividends on Manhattan Railway Company Capital Stock.....	89.25	
To meet Dividend due July 1st, 1913 on Manhat- tan Railway Company Capital Stock.....	1,050,000.00	
To meet Dividend due July 1st, 1913 on Inter- borough Rapid Transit Company Capital Stock.....	875,000.00	
To meet Interest due July 1st, 1913 on First and Refunding Mortgage 5% Gold Bonds.....	925,679.40	
Guaranty Trust Company, Trustee, under mortgage of November 1, 1907.....	6,076.38	13,883,139.27
SUBWAY CONTRIBUTION CASH.....		14,844,231.39
SINKING FUND ON 5% 45-YEAR GOLD MORTGAGE BOND DATED NOVEMBER 1st, 1907 :		
On deposit with Trustee.....	\$24,018.65	
Invested by Trustee in the purchase of 5%, 45-Year Gold Mortgage Bonds.....	985,261.08	1,009,279.73
PREPAYMENTS :		
Insurance.....	\$136,539.84	
Taxes.....	785,396.70	
Rents.....	10,055.16	931,991.70
CONTINGENT ASSETS—STATE TAXES PAID UNDER PROTEST .....		535,743.09
ITEMS AWAITING DISTRIBUTION.....		1,565,845.29
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....		58,842.76
DEPOSIT WITH COMPTROLLER, CITY OF NEW YORK, UNDER CONTRACT NO. 3.....		1,000,200.00
DEFERRED CHARGES :		
Unamortized Debt Discount and Expense.....	\$3,198,154.84	
Unamortized Debt Discount and Expense Contract No. 3.	1,042,795.00	4,240,949.84
TOTAL.....		<u>\$123,584,856.75</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1913

## LIABILITIES

CAPITAL STOCK..... \$35,000,000.00

### FUNDED DEBT:

45-Year Gold Mortgage 5% Bonds..... \$33,959,000.00

Less Re-acquired..... 4,400,000.00

\$29,559,000.00

First and Refunding Mortgage, 5% Gold Bonds..... 37,027,176.00 66,586,176.00

MANHATTAN RAILWAY COMPANY, LEASE ACCOUNT..... 377,322.73

### CURRENT LIABILITIES:

Interest and Rentals Accrued, not due..... \$1,467,567.47

Coupons due, not presented..... 17,916.03

Dividends April 1st, 1909 to April 1st, 1913, inclusive, on Manhattan Railway Company Capital Stock, unpaid.... 89.25

Dividends due July 1st, 1913 on Manhattan Railway Company Capital Stock..... 1,050,000.00

Dividends due July 1st, 1913 on Interborough Rapid Transit Company Capital Stock..... 875,000.00

Interest due July 1st, 1913 on First and Refunding Mortgage, 5% Gold Bonds..... 925,679.40

Due for Wages..... 203,612.27

Due Associated Companies..... 35,648.23

Other Accounts Payable..... 450,552.90

Taxes Accrued ..... 607,061.18 5,633,126.78

ACCRUED AMORTIZATION OF CAPITAL..... 1,561,462.19

UNAMORTIZED PREMIUM ON DEBT..... 118,140.00

SINKING FUND RESERVE FOR 45-YEAR GOLD MORTGAGE

5% BONDS, (See Contra)..... 1,235,673.07

PROFIT AND LOSS SURPLUS..... 13,072,955.98

TOTAL..... \$123,584,836.75

# ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED JUNE 30, 1913

## CHARGEABLE TO CAPITAL ACCOUNT

### Manhattan Railway Division

Additional Stairway, northwest corner 23rd Street and 3rd Avenue	
Additional Stairway, northwest corner Christopher and Greenwich Streets.	
Additional Stairway, northwest corner 28th Street and 3rd Avenue.	
Additional Stairways, at southeast and southwest corners of Rivington and Allen Streets.	
Additional Stairway, northwest corner 34th Street and 3rd Avenue.	
Additional Stairway, southeast corner 23rd Street and 9th Avenue.	
Additional Station, 86th Street and Columbus Avenue.	
Additional Station, 105th Street and Second Avenue.	
Additional switching apparatus, Sub-stations No. 4 and 7.	
Extension of undergrade bridge and additional Stairway at 166th Street and 3rd Avenue.	
Extension of undergrade bridge and additional Stairway at 169th Street and 3rd Avenue.	
Installation of universal fire nozzles at 179th Street and 3rd Avenue Yard.	
Negative Return Circuits, All Lines.	
Reinforcing structure account of electrical equipment.	
Replacing wooden structure with iron, 159th Street and 8th Avenue Yard.	
Replacing wooden stairway with iron, southwest corner 104th Street and Columbus Avenue.	
Two Taylor stokers installed in 74th Street Power Station.	
Land damages and legal expenses in connection therewith.	
Making a total charge to the Manhattan Railway Co. Construction	
Account of.....	\$312,649.77

### Subway Division

Additional signals on Lenox Avenue and Broadway Lines.	
Additional automatic stops.	
Additional cables and circuit breakers.	
Compressor house under structure at 179th Street and West Farms.	
Completing emergency lighting in subway cars.	
Completing installation of side doors in subway cars.	
Completing turbine units, 59th Street Power Station.	
Completing installation of 7500 K. W. rotary in Sub-station No. 14	
Extension of station lighting account of additional entrances and exits.	
Hot water heating apparatus 148th Street inspection shed.	
Track House at Ft. George Portal of Broadway Tunnel.	
Making a total charge to the Interborough Rapid Transit Co. Fixed	
Capital Account of.....	123,386.60
<b>Total .....</b>	<b>\$436,036.37</b>

## COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE 5% BONDS, DATED JANUARY 1, 1913:

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected situate in the City of New York, constituting the main power house and electric substations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1, and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid contract No. 1, dated February 21, 1900, between John B. McDonald and The City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of The City of New York created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between The City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and The City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of The City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between The City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto;

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate, The Webster Avenue Line, 8th Avenue & 162nd Street Connection, The Queensboro Bridge Line, and the West Farms

Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company dated March 20, 1913, whether held by the Company or deposited for its account in any depository, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgage by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough certificate, or the said Manhattan certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1912

The following equipment is owned or leased by your Company; that of the Subway Division being owned and that of the Manhattan Railway Division being leased for 999 years from the date of the organization of said Company, to wit: November 1, 1875.

### MANHATTAN RAILWAY DIVISION

PASSENGER CARS :	1913	1912	
Motor, closed.....	1030	1031	—1
Trailer, closed.....	715	715	....
Trailer, open.....	36	36	....
Total .....	1781	1782	—1
SERVICE CARS :			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Drill, flat, motor.....	0	1	—1
Flat, motor.....	2	2	....
Pay, trailer, closed.....	1	1	....
Supply, trailer, closed.....	16	16	....
Tool, trailer, closed.....	1	1	....
Ticket, trailer, closed.....	2	2	....
Flat, trailer.....	31	31	....
Hopper, trailer.....	5	5	....
Derrick, trailer.....	1	1	....
Total.....	61	62	—1
Total, Manhattan Railway Division.....	1842	1844	—2

### SUBWAY DIVISION

PASSENGER CARS :			
Composite, motor, closed.....	124	124	....
Steel, motor closed.....	666	666	....
Composite, trailer, closed.....	354	354	....
Total.....	1144	1144	....
SERVICE CARS :			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Test, motor, closed.....	1	1	....
Observation, motor, closed.....	1	1	....
Steel, flat, motor.....	7	7	....
Pay, trailer, closed.....	1	1	....
Emergency pump, trailer.....	1	1	....
Wooden, flat, trailer.....	18	18	....
Steel, flat, trailer.....	15	15	....
Total.....	46	46	....
Total Subway Division.....	1190	1190	....
Total Cars of all descriptions.....	3032	3034	2*

\* 1 motor car and 1 motor drill flat destroyed.

—Decrease.

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1913

### FINANCIAL STATEMENT

Receipts to June 30, 1912, inclusive..... \$413,536.39

*Receipts for year ended June 30, 1913*

Contributions from members.....	\$82,747.30	
Interest on investments and bank balances.....	2,591.51	85,338.81

Total Receipts.....		\$498,875.20
---------------------	--	--------------

Disbursements to June 30, 1912, inclusive..... \$356,352.18

*Disbursements for year ended  
June 30, 1913*

Accident Benefits Paid.....	\$3,703.75	
Sickness Benefits Paid.....	45,049.50	
Death Benefits Paid.....	30,550.00	
Contributions Refunded.....	567.96	79,871.21

Total Payments.....		436,223.39
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Cash on hand June 30, 1913.....	\$3,809.05	
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#### *Investments*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost.....	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4¼% Bonds due 1960 at cost.....	15,255.41	58,842.76
		<u>\$62,651.81</u>

### MEMBERSHIP STATEMENT

Membership June 30, 1912..... 6209

Employees admitted to membership during year ended  
June 30, 1913..... 1628

Loss account of resignations, dismissals, deaths, etc..... 1543

Net gain during the year.....		85
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Total membership June 30, 1913 .....		<u>6294</u>
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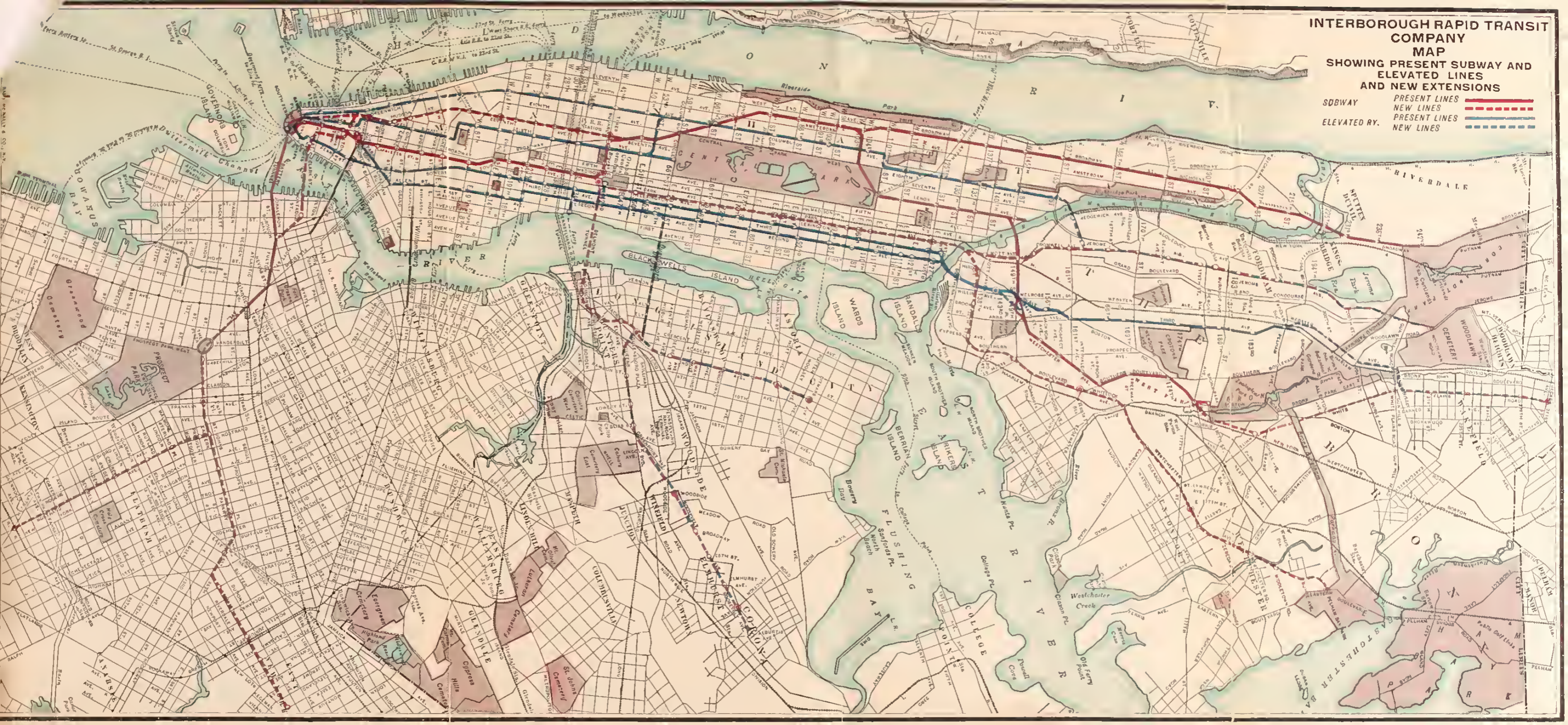
During the year the Medical Examiners have made 6114 calls on disabled members



**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP**  
**SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
AND NEW EXTENSIONS**

SUBWAY  
ELEVATED RY.

PRESENT LINES  
NEW LINES  
PRESENT LINES  
NEW LINES





1913-1914

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1914

PRINT  
JOHN WARD & SON  
NEW YORK



# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1914

ANDREW FREEDMAN .....	New York
H. M. FISHER .....	Plainfield, N. J.
CHARLES B. LUDLOW .....	New York
THEO. P. SHONTS .....	New York
E. E. STARBARD .....	New York

### TERMS EXPIRE 1915

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
W. LEON PEPPERMAN .....	New York
F. DE C. SULLIVAN .....	New York
CORNELIUS VANDERBILT .....	New York

### TERMS EXPIRE 1916

EDWARD R. BACON .....	New York
THOMAS DE WITT CUYLER .....	Philadelphia
EDWIN S. MARSTON .....	New York
DANIEL G. REID .....	New York
Vacancy .....	

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
ANDREW FREEDMAN .....	New York
THEO. P. SHONTS .....	New York
CORNELIUS VANDERBILT .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board .....	AUGUST BELMONT, 43 Exchange Pl., N. Y. City
President and Chairman of Executive Committee .....	THEO. P. SHONTS
Asst. to President .....	W. LEON PEPPERMAN
Vice-President and General Manager .....	FRANK HEDLEY
Vice-President .....	D. W. ROSS
Secretary .....	H. M. FISHER
Treasurer .....	J. H. CAMPBELL
General Counsel .....	RICHARD REID ROGERS
General Attorney .....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR
Director Welfare Work .....	H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE  
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.  
Annual Stockholders' Meeting, Fourth Wednesday in September.

### MILEAGE JUNE 30, 1914

Division	Length of Road	Single Track	Two Tracks	Three Tracks	Four Tracks	Sidings Etc.	Total Single Track
Subway .....	25.72	.63	10.41	7.18	7.50	12.35	85.34
Manhattan Ry .....	37.67	....	22.37	15.30	....	27.34	117.98
Total Miles...	63.39	.63	32.78	22.48	7.50	39.69	203.32

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1914.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1914.

The comparative income account for the years ended June 30, 1914 and 1913 is:

#### COMPARATIVE STATEMENT OF INCOME ACCOUNT

YEARS ENDED JUNE 30	1914	1913	Increase Decrease*
Gross Operating Revenue.....	\$33,515,395.69	\$32,497,870.72	\$1,017,524.97
Operating Expenses.....	12,902,053.36	13,260,743.14	*358,689.78
Net Operating Revenue .....	20,613,342.33	19,237,127.58	1,376,214.75
Taxes.....	2,081,948.43	2,116,880.27	*34,931.84
Income from Operation.....	18,531,393.90	17,120,247.31	1,411,146.59
Non-Operating Income.....	612,852.55	487,490.29	125,362.26
Gross Income.....	19,144,246.45	17,607,737.60	1,536,508.85
Income Deductions.....	11,119,666.19	11,070,669.46	48,996.73
Net Corporate Income for the Year.....	8,024,580.26	6,537,068.14	1,487,512.12
Add:			
Surplus, June 30, 1913 and June 30, 1912	13,072,955.98	8,531,260.85	4,541,695.13
Tax Refunds and Other Credits including Interest on Advances to Trustees of New York & Long Island Railroad Company in 1913	23,059.32	2,326,542.76	*2,303,483.44
Totals.....	21,120,595.56	17,394,871.75	3,725,723.81
Appropriated for:			
Taxes Prior Years, Amortization, Capital Retirements and Other Charges.....	656,192.44	121,915.77	534,276.67
Dividends.....	5,250,000.00	4,200,000.00	1,050,000.00
Total Appropriations.....	5,906,192.44	4,321,915.77	1,584,276.67
Profit and Loss, Surplus.....	\$15,214,403.12	\$13,072,955.98	\$2,141,447.14

The gross operating revenue for the year was \$33,515,395.69, an increase of \$1,017,524.97. The net corporate income was \$8,024,580.26, equivalent to 22.92% on the capital stock of the Company as against 18.68% for the preceding year, 16.07% for 1912, and 14.68% for 1911. After the payment of all charges and dividends aggregating ten per centum upon capital stock, the net surplus from operations for the year was \$4,524,580.26, an increase of \$1,487,512.12 over the previous year.

The operating expenses for the year were \$12,902,053.36, a decrease of \$358,689.78 or 2.70%. The amount charged to operating expenses and credited to "Depreciation Reserve" was \$655,992.90 below the previous year, while on the other hand the expenditures for maintenance show an increase of \$185,756.57, resulting in a net decrease in charges for both depreciation and maintenance of \$470,236.33. The cost of operation therefore, exclusive of depreciation and maintenance, shows an increase of \$111,546.55.

The "Tax Refunds and Other Credits," for the year 1914, show a falling off of \$2,303,483.44, for the reason that during the year ended June 30th, 1913, there was carried into Profit and Loss Account, the interest from July 1st, 1909 to March 19th, 1913, viz: \$2,057,033.15, upon the advances made by this Company to the Trustees of the New York & Long Island Railroad, in order to provide means for the construction of the Belmont Tunnel.

Your Directors declared an extra dividend of 5% during the year, payable out of the surplus of the Company. Notwithstanding this extra payment there was an increase of \$2,141,447.14 in the Profit and Loss surplus during the year.

The total number of passengers carried during the year was 651,886,671, an increase of 17,570,155, a gain on the Subway Division of 12,941,593 and on the Manhattan Division of 4,628,562. While the traffic thus continues to reflect the development of the city along streets and avenues contiguous to the Subway Division, it is particularly gratifying to observe that the increase on the Manhattan Division of 4,628,562 passengers as against an increase of 2,574,165 the previous year shows a disposition on the part of the public to recognize that there is less congestion generally on the Elevated than in the Subway and that traveling conditions on that Division are, in consequence, very much more comfortable.

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 1914

Gross Operating Revenue.....	\$33,515,395.69
Operating Expenses..	12,902,053.36
Net Operating Revenue.....	20,613,342.33
Taxes.....	2,081,948.43
Income from Operation .....	18,531,393.90
Non-Operating Income.....	612,852.55
Gross Income.....	19,144,246.45
Interest and Sinking Fund on City Bonds.....	\$2,361,064.88
Interest on Interborough Rapid Transit Company First Mortgage 5% Forty-five Year Gold Bonds.....	482,650.00
Sinking Fund on Interborough Rapid Transit Company First Mortgage 5% Forty-five Year Gold Bonds...	113,196.66
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	2,238,232.77
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds.....	50,000.00
Manhattan Railway Rental, (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Com- pany Capital Stock.....	4,200,000.00
Amortization of Debt Discount and Expense.....	3,565.37
Interest on Unfunded Debt.....	37,500.00
Other Rent Deductions.....	7,376.51
Total Income Deductions.....	11,119,666.19
Net Corporate Income.....	8,024,580.26
Dividends on Interborough Rapid Transit Company Stock, (10%— 5% extra).....	5,250,000.00
Surplus.....	\$2,774,580.26
Per Cent, Expenses to Earnings.....	38.49
Passengers Carried.....	651,886,671

Gross Operating Revenue for the year ended June 30, 1914 was \$33,515,395.69 as compared with \$32,497,870.72 last year, an increase of \$1,017,524.97 or 3.13%, the result of a gain on the Subway Division of \$752,602.39 or 4.48%, and on the Manhattan Railway Division of \$264,922.58 or 1.69%.

Operating Expenses were \$12,902,053.36 as compared with \$13,260,743.14 last year, a decrease of \$358,689.78 or 2.70%, the result of a decrease on the Subway Division of \$472,587.77 or 7.11%, and an increase on the Manhattan Railway Division of \$113,897.99 or 1.72%.

Net Operating Revenue was \$20,613,342.33 as compared with \$19,237,127.58 last year, an increase of \$1,376,214.75 or 7.15%, the result of a gain on the Subway Division of \$1,225,190.16 or 12.05%, and a gain on the Manhattan Railway Division of \$151,024.59 or 1.66%.

The total amount of Taxes was \$2,081,948.43 as compared with \$2,116,880.27 last year, a decrease of \$34,931.84 or 1.65%; Subway Division shows a decrease of \$3,216.77 or 0.82%, and the Manhattan Railway Division a decrease of \$31,715.07 or 1.83%.

Income from Operation was \$18,531,393.90 as compared with \$17,120,247.31 last year, an increase of \$1,411,146.59 or 8.24%, the result of a gain on the Subway Division of \$1,228,406.93 or 12.57%, and on the Manhattan Railway Division of \$182,739.66 or 2.49%.

Non-Operating Income was \$612,852.55 as against \$487,490.29 last year, an increase of \$125,362.26, or 25.71%, principally due to the increase in interest on bank balances and loans; Subway Division showing a gain of \$113,092.81 or 25.70%, and the Manhattan Railway Division \$12,269.45 or 25.87%.

Gross Income was \$19,144,246.45 as compared with \$17,607,737.60 last year, an increase of \$1,536,508.85 or 8.72%, the result of a gain on the Subway Division of \$1,341,499.74 or 13.13%, and on the Manhattan Railway Division of \$195,009.11 or 2.64%.

Total Income Deductions were \$11,119,666.19 as compared with \$11,070,669.46 last year, an increase of \$48,996.73 or 0.44%, the details of which are set out on Page No. 28.

The Net Corporate Income was \$8,024,580.26 as compared with \$6,537,068.14 last year, an increase of \$1,487,512.12 or 22.75%, the result of a gain on the Subway Division of \$1,310,003.01 or 26.15%, and on the Manhattan Railway Division of \$177,509.11 or 11.61%.

The Surplus over Dividends of 15% (including extra dividend of 5%) on the Capital Stock was \$2,774,580.26. On the basis of 10% dividends for each year the surplus for 1914 would be \$4,524,580.26 as compared with \$3,037,068.14, leaving \$1,487,512.12 as a gain in surplus over the previous year.

The percentage of operating expenses to gross operating revenue was 38.49% as compared with 40.80% last year, a decrease of 2.31%, the result of a decrease on the Subway Division of 4.39% and an increase on the Manhattan Railway Division of 0.01%.

The total number of passengers carried was 651,886,671 as compared with 634,316,516 last year, an increase of 17,570,155 or 2.77%, the result of a gain on the Subway Division of 12,941,593 or 3.95%, and on the Manhattan Railway Division of 4,628,562 or 1.41%.

## CAPITALIZATION

	1914	1913	+ Increase —Decrease
Capital Stock .....	\$35,000,000	\$35,000,000	.....
First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, due January 1, 1966..	98,658,000	37,027,176	+\$61,630,824
Forty-Five-Year Gold Mortgage Bonds, dated November 1, 1907, called November 1, 1913	7,000	29,559,000	—29,552,000
Totals.....	\$133,665,000	\$101,586,176	+\$32,078,824

The First and Refunding 5% Gold Bonds dated January 1, 1913, above referred to, were issued for the following purposes:

To provide funds for Subway Contribution under Contract No. 3 dated March 19, 1913.....	\$37,433,000
To provide funds for Elevated Third Tracking under Certificate dated March 19, 1913.....	3,420,000
To provide funds for Elevated Extensions under Certificate dated March 19, 1913.....	2,800,000
To provide funds for the Manhattan Division Power Plant Improvements.....	2,390,000
For the Refunding of \$15,000,000 notes due May 1, 1913, and the Forty-Five-Year Gold Mortgage 5% Gold Bonds called November 1, 1913.....	\$52,615,000
	\$98,658,000

The accrued Sinking and Amortization Funds connected with the issue of the Forty-Five-Year Gold Mortgage 5% Bonds above referred to, amounting to upwards of \$1,400,000, were availed of to purchase and retire these bonds, thereby diminishing the amount of First and Refunding Mortgage 5% Gold Bonds required to be issued under the Refunding Plan.

The Sinking Fund of one-half of 1% semi-annually on the First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, does not commence to accrue until January 1, 1918, the first payment into the fund being due July 1, 1918.

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London stock exchanges.

## FIRE INSURANCE

The rigid system of fire prevention and protection heretofore established by your management has been effectively maintained throughout your properties during the past year with the result that we are again able to report the absence of any important fire loss.

This continued favorable loss record has been reflected by reduced insurance cost and a number of important rate reductions have been obtained from the Insurance Companies during the past year.

The Fire Underwriters Electrical Bureau has just completed a thorough and expert inspection of your properties on behalf of the Insurance Companies and their report under date of July, 1914, after commending in general the condition of the properties makes the following special comment:

"The fire apparatus is maintained in very good order. New automatic fire doors have been provided in several cases. Numerous new metal lockers have also been provided. The new Monitor Nozzle system installed at 179th Street Yard is now in operative condition."

## REAL ESTATE

Your rented properties have continued to remain well occupied, and were added to, during the year, by the acquisition of a number of apartment buildings in Long Island City from the Trustees of the New York & Long Island Railroad Company, purchased by that Company in order to secure the consents necessary to the original construction of the Belmont Tunnel. These and other parcels no longer required for the purposes of the Company, have been rented to the best advantage, and will be sold as soon as suitable prices can be obtained. Several small properties were also purchased for purposes of right of way and easements for the Elevated Extensions, and Third Tracking, and these too are being made productive as far as practicable.

The City has authorized the taking of your sub-station property at Nos. 29 to 31 City Hall Place, as part of the enlarged Court House area. The proceeds from its disposition will be used to purchase a new site, and for the erection elsewhere of a new Sub-station.

## **MAINTENANCE**

The Structures, Power Plants and Equipment of both the Manhattan Railway and Subway Divisions of your Company are being maintained at a high standard of efficiency. There was expended for maintenance throughout the year the sum of \$3,700,512.74, as against \$3,514,756.17 last year, an increase of \$185,756.57.

### **Manhattan Railway Division**

Steel rails were renewed on 17 miles of single track out of a total of 117.98 miles.

28,500 ties were renewed out of a total of 294,000 ties in the track.

Pins, pin plates and column tops were renewed on the Sixth Avenue structure and new seats on floor beams for bearings of stringers were installed for the purpose of strengthening the structure. Station platforms were also raised to standard height at all stations on the Sixth Avenue Line from Rector Street to 58th Street, at 50th Street, 99th Street and 121st Street on the Second Avenue Line, and at 72nd Street on the Ninth Avenue Line.

Station platform extensions have been widened at 42nd, 81st and 135th Street Stations on the Sixth Avenue Line, and at 9th, 59th, 67th, 89th, 106th and 149th Stations on the Third Avenue Line. This work is now completed, except at 9th Street Station on the Third Avenue Line, which is delayed on account of third-tracking. Station platforms have also been extended at the south end of southbound stations at 8th and 33rd Streets of the Sixth Avenue Line.

Enclosures and sliding gates have been arranged for elevators and hoistways in Sub-stations, Power Houses and other buildings to insure further safety in operation.

A brick wall with iron gate was constructed on the 74th Street side of the 74th Street Yard, immediately west of the power station, replacing the old wooden fence, and the space formerly occupied by the sheds was paved.

A cut-out switch was installed in track M between 126th and 134th Streets, Ninth Avenue Line, as additional protection against short circuits and fires.

The wooden floor in the 98th Street Machine Shop was replaced with concrete floor to lessen fire risk.

The location of stairway on the northeast corner, and of one station column each on the northeast and southeast corners of 59th Street and Columbus Avenue, Ninth Avenue Line, was changed on account of widening of 59th Street.

The water-line in the 159th Street storehouse was extended to the north end of the surface yard and three hydrants provided outside of the line of structure, affording additional fire protection.

The end span of the elevated structure at 59th Street and Sixth Avenue was removed, the bumping blocks relocated and a new room provided for car cleaners.

A new up-to-date Interlocking System was installed at 57th Street, Sixth Avenue Line, to replace the old one.

The canopy over the uptown platform of the Battery Place Station, Ninth Avenue Line, was extended and the sliding platform operating house moved to the east, to afford better protection to passengers awaiting northbound trains.

Two stairways and two station columns of the uptown 8th Street Station, Sixth Avenue Line, were relocated on account of widening of 8th Street.

Contacts with pneumatically operated circuit breakers were installed on the 129th Street drawbridge, the circuit breakers being controlled from sub-stations Nos. 7 and 8, and the contact rail and control around the 129th Street Yard and the Suburban Line south of 133rd Street, re-arranged to obtain efficient contact for 129th Street drawbridge in lieu of submarine cable.

The work of renewing the Interlocking System on the east side of South Ferry with up-to-date interlocking, semaphore signals, facing point locks on switches, and track circuits with tower indicators is now in progress.

The resistance and the controlling circuits of the automatic signals throughout the entire Manhattan Division were re-arranged, thus increasing their efficiency and saving approximately \$3,000 per year in current consumed.

Painting of structures, stations and bridges on the Manhattan Division was continued during the year, a large amount having been expended for this purpose.

Motor generator set was installed in Sub-station No. 4 to provide a duplicate in case of failure of the other set, thus making this Sub-station standard in construction with other Sub-stations.

### Subway Division

3,840 sq. ft. of decking was relaid on the north side of 58th Street and North River pier.

The walls around the existing ventilator in the 96th Street Substation were raised five feet to provide adequate protection in case of fire, in preventing water from firemen's hose entering Substation through ventilator and damaging machinery.

Drip pan drain pipes under ventilating gratings were replaced and grating raised and an intermediate panel of concrete was substituted for the grating at infrequent intervals, to provide a path for the water to the gutter at 116th, 125th and 135th Street stations, Lenox Avenue, and to prevent drip pans from overflowing and water running onto the station platforms.

Two direct electrically driven centrifugal pumps are being installed in the vent chamber of the east side of the subway near 47th Street to increase the pumping capacity, in order to avoid flooding the subway during heavy rainstorms.

The positive and negative cables from the north end of Dyckman Street Station to near 205th Street are being rearranged as a safeguard against possible damage to cable by short circuits and interruption to traffic.

The present gates in the elevators at 168th and 181st Streets and Mott Avenue Subway Stations were replaced with gates having closed grille work, to reduce the liability of accidents to passengers.

Steel rails were renewed on 21 miles of single track out of a total of 85.34 miles.

16,618 ties, 6" x 8", were renewed, out of a total of 211,000 ties in the Subway.

Two low pressure turbine surface condensers were retubed.

Railings were placed around rotaries and screens on blowers in all Sub-stations in order to protect employees.

Twenty-five rebuilt transformers were installed in various Sub-stations. This is the beginning of work to renew transformers in all Sub-stations. The present transformers were practically the first of their kind and size. Tests show that new transformers will save considerable power. It is proposed therefore to renew all transformers, approximately 130, at the rate of 25 each year.

297 cars were equipped with porcelain enamel sanitary hand holds and 283 cars had ceilings white enameled.

**ADDITIONS, BETTERMENTS AND IMPROVEMENTS  
AUTHORIZED DURING THE FISCAL YEAR  
ENDED JUNE 30, 1914**

**Manhattan Railway Division**

For the purpose of relieving conditions and adding to the comfort of travel during the progress of third tracking arrangements have been made to increase the station approaches and facilities at the 149th Street and Third Avenue Elevated Station by widening the present unloading platform on the easterly side of the elevated station; to erect a new stairway at the southerly end of said unloading platform to the Willis Avenue sidewalk and to construct an additional gallery and stairway from the foot of the exit stairway on the mezzanine to the westerly side of Third Avenue.

Additional switching apparatus is being installed in Sub-station No. 5 to take care of increased power requirements.

**74TH STREET POWER STATION**

In order to provide power for third tracking, new subways, etc., the 74th Street Power Station is practically undergoing a reconstruction.

An intake tunnel is being constructed with screen chamber, machinery house, etc.

A mezzanine floor has been constructed at the east end of the boiler room, for the accommodation of the machine shop.

A temporary standard gauge track was constructed from the east end of foundation of No. 1 engine to the face of the dock, for handling machinery in the work of taking out the existing large units, installing new stokers and superheaters on one-half of the boilers, and installing new piping, etc.

Twenty bays of switchboard gallery floors are being reconstructed to strengthen floors to take care of increased load on account of installation of new switching apparatus.

Additional steel work made necessary on account of the installation of exciter and auxiliary switchboards is now being installed.

Four of the reciprocating units with condensers, generators, piping, etc., are being removed and in their place three 30,000 Kw.

compound turbines are being installed. These main changes require:

Taking out of 32 of the present stokers and installing 32 new stokers.

Replacing the present cast iron pipe with steel pipe.

Installing superheaters on the boilers, and practically replacing the entire switchboard with larger and better equipment.

The new turbine units are probably the largest in the world. 90,000 kilowatts can be generated in the space formerly required to generate 30,000 kilowatts. No additions will therefore be necessary to the building or the land. The cost of power will moreover be substantially reduced.

Owing to the additional power necessary, due to increased load, three 1500 Kw. rotaries in Sub-station No. 4 are being removed and sold, and two 4000 Kw. rotaries with necessary switching equipment, etc., installed. These are the largest rotaries of their type in this vicinity and will probably be the most efficient.

### **Subway Division**

Distant control circuit breakers and section break have been installed at 149th Street and Third Avenue so that trains may be turned at that point in case of fire.

Additional stairway is being constructed at southwest corner of Court and Joralemon Streets, leading to Borough Hall Station, Brooklyn.

A new exit stairway is being constructed on the east end of south-bound platform, Borough Hall Station, Brooklyn.

The removal of certain of the existing stairways at the Manhattan Street Station and the construction of others, in accordance with Public Service Commission's order dated April 11, 1913, referred to in last year's report, has been held in abeyance on account of changes in the plans by the Public Service Commission.

Arrangements are being made for the construction of additional stairways at the northwest corner of Cortlandt Street and Broadway, and northeast corner of Maiden Lane and Broadway, at the south end of Fulton Street Station, to relieve the congestion at that station.

An additional stairway is being constructed on the northeast corner of Freeman Street and Southern Boulevard, Freeman Street Station.

Arrangements are being made to install telephone and emergency alarm systems, additional synchronizing clocks and extensions to the Telephone Exchange at 98th Street, on account of new Subway extensions and Manhattan Elevated extensions and improvements.

Porcelain enameled handholds are being installed in local service cars so as to make this sanitary improvement standard in all Subway equipment.

#### 59TH STREET POWER STATION

The installation of 14 new stokers in place of 14 old stokers has been practically completed.

Ten additional stokers are being installed so as to take care of additional load which will be placed upon this station.

The installation of two 300 Kw. steam turbine exciters, replacing storage battery and two 250 Kw. steam driven exciters, has been completed.

Alberger condenser units are being replaced with Ball engines and Worthington pumps taken from 74th Street Power Station. This is to provide for more reliable and economical operation.

Additional bays over present offices at 59th Street have been inclosed to provide additional office space on account of new subways, etc.

Additional feeder and switching apparatus have been installed in Sub-station No. 17 to take care of additional load.

Two 50 Kw. signal transformers have been installed in Sub-station No. 18 to replace two 25 Kw. transformers on account of increased load.

The eastern mezzanine in the Subway at 42nd Street Grand Central Station was extended westerly to provide proper platform space for additional means of ingress and egress through the building on the northwest corner of Vanderbilt Avenue and 42nd Street. The cost of this extension will be capitalized as an extra under Contract No. 1.

An extra passageway was authorized between the Wall Street Subway Station and the basement of the new Adams Express Building, Nos. 57-59-61 Broadway, for the purpose of facilitating the movement of traffic at the Wall Street Station during rush hours.

A retaining wall and railing is being constructed along the building line at Hillside Avenue, and the triangular piece of property north of Dyckman Street Station is being paved. This work is being done for the purpose of lessening the risk of accident and rendering the station approach more accessible and attractive.

## **HEAT TREATED CAR AXLES**

The substitution of heat treated car axles for non-heat treated axles, mentioned last year, is being continued. This work was undertaken for the purpose of providing an additional factor of safety, it being extremely difficult to discover indications of fracture in non-heat treated stock on account of the rough exterior finish. It was therefore decided to withdraw all of the non-heat treated axles from service and replace them with standard heat treated carbon steel material as rapidly as possible. Your management feels justified in incurring this additional expense on account of the greater safety of travel, making it improbable with the rigid inspection maintained, for any cars to go into service with defective or fractured axles.

## **WHITE ENAMELED CAR CEILINGS**

Following the installation of Tungsten lamps, which greatly improved the lighting facilities in Subway cars, it was found that the illumination could be still further improved and the cars made more sanitary by the substitution of white enameled ceilings and white decorations for the present dark finish. Instructions were therefore given to repaint these ceilings with white enamel as rapidly as it was found necessary to put the cars through the shops for overhauling.

## **SUBWAY ENTRANCES THROUGH PRIVATE PROPERTY**

Experiments are being conducted with a view to providing better facilities for identifying private Subway entrances through office buildings, hotels, stores, etc., the present signs over these entrances for the guidance of the public not being deemed adequate. The officers of your Company are working in conjunction with the Public Service Commission with a view to agreeing upon a standard, distinctive and attractive sign to be erected at all these entrances, and as soon as such a sign is adopted the work will be inaugurated at once.

## **PELHAM PARK AND CITY ISLAND RAILROAD COMPANIES**

The Pelham Park and City Island properties, which were purchased by your Company for the purpose of acquiring a charter under which the present subways could be operated, having answered their purpose and being in themselves unprofitable unless substantially extended, were sold to the Third Avenue Railway Company.

## **MANHATTAN RAILWAY COMPANY SECOND MORTGAGE**

In the lease by your Company of the Manhattan Elevated Railway, dated January 1, 1903, it was agreed that at the request of the lessee the lessor would issue at the highest price obtainable a new series of bonds bearing not more than 4% interest, of the principal amount of \$5,409,000, secured by a Second Mortgage covering a portion or the whole of its franchises, rights, privileges, property, etc., and that the proceeds of the sale of said bonds should be applied to improvements and for other general purposes on the property of the Manhattan Railway Company. Following this agreement expenditures were made by your Company on the railroad and property of the Manhattan Company aggregating as of June 30, 1913, \$3,708,069, which sum will be paid by the Manhattan Railway Company out of the proceeds of the sale of the above described bonds dated June 1, 1913.

A supplemental agreement was entered into, dated October 22, 1913, respecting the settlement of the construction account and the application thereto of the proceeds of the bonds referred to and providing further that the balance of the moneys in the hands of the Manhattan Railway Company from the sale of said bonds, together with any additional funds coming into the hands of that company under Article 2 of the lease first above referred to, shall be expended for the construction of additional stations, improvements and such other capital purposes as may from time to time be agreed upon between the two companies. The principal object of this agreement is to obviate the possibility of any dispute arising in the future over the interpretation of the lease of January 1, 1903, relating to the expenditure of money for improvements on the railroad and property of the Manhattan Railway Company.

## **MANHATTAN EASEMENT LITIGATION**

This Company has endeavored to avoid litigation with owners of property abutting upon the lines of the new elevated construction. Rates of compensation for the easements of light, air and access to be acquired have been carefully calculated upon the basis of payments for the existing structures, making due allowance for the changed conditions, and these rates have been submitted to the property owners directly with notice that the Company would draw all papers and save the owners the expense of legal proceedings. Approximately one-third of the frontage affected has already been adjusted in this manner

to the great satisfaction of the owners. A number of lawyers, however, have been engaged for years in soliciting retainers on contingent fees and their clients are permitting actions to be commenced in their names presumably with the expectation that they will receive awards greater than the offers of the Company. It is believed that when these property owners shall have deducted their attorneys' contingent fees, they will regret that they forced this litigation upon the Company.

### **WORKMEN'S COMPENSATION**

The Workmen's Compensation Act, which went into effect July 1, 1914, makes it obligatory on the part of this Company to pay or provide, as required by the law, compensation, according to certain schedules, for the disability or death of its employes resulting from accidental personal injury arising out of and in the course of their employment, without regard to fault as a cause of such injury.

In this concept of social obligation the compensation principle differs from the old system of employer's liability under which the employer paid damages only where the accident was due wholly to his fault or the fault of his vice principals. It is on the theory that industry, in general, should bear the financial burden of all industrial accidents rather than the workers who happen to be the victims of particular accidents. This obligation may be carried under the law in four ways, by insuring in a State fund; by insuring in a stock company; a mutual company or by furnishing satisfactory proof to the Commission of the employer's financial ability to pay compensation for itself. The new law compels the employer to provide for the injured employe medical, surgical or other attendance or treatment, nurses and hospital service, medicines, crutches and apparatus as may be required or requested by the employe during sixty days after the accident. The cost of such attention is speculative as it is a new departure in this State, but the experience of other States placed it at about fifty per cent. of the amount paid in awards to the injured employes. The difference between insuring in a stock company or State fund and carrying our own risk appeared so disproportionate that, making allowance for the medical expense, economy seemed to be on the side of self-insurance which was permitted by the Commission. This method continues the relation of employer and employe during the existence of temporary injury and increases the interest on the part of the Company in accident prevention.

## OPERATIONS OF THE LEGAL DEPARTMENT IN THE ADJUSTMENT OF CLAIMS

### INJURIES AND DAMAGES

	1914	1913	
Claims, suits and judgments.....	\$296,414.86	\$362,342.60	Decrease—\$65,927
Expenses.....	160,148.32	153,215.92	Increase — 6,932

The net decrease in expenditures is \$58,995 or 11% under 1913. The Company voluntarily settled 3,094 claims for \$152,839 before any suit was brought and compromised 318 suits before trial for \$118,734. The total judgments paid during the year aggregated \$24,841. The plaintiffs lost 71% of all cases tried compared with 65% lost by them last year. The aggregate verdicts during the year amounted to \$29,289 or \$37,811 less than last year. Nevertheless, the number of negligence actions brought against the Company continues to increase year by year, which accounts for the slight increase in expenses. That these actions are without merit, as shown by decisions of no cause of action or non-suits in 71% of them, proves that the Company is paying honest claims promptly.

The disbursements for claims, suits and judgments amounted to .88% of the gross operating revenue and the expenses were .48%, making an aggregate for the year of 1.36% of the gross compared with 1.58% last year, a decrease of \$58,995.

### TAXES

The Supreme Court of the United States has not yet reached the case involving the constitutionality of the state tax law which, as construed by the New York Court of Appeals, imposes a tax on the corporate existence of the Company admeasured by its subway operations. It is expected that the argument will be heard at the Fall Term of the Supreme Court.

The United States Commissioner of Internal Revenue denied the application for a refund of the federal excise tax levied under the act of Congress approved August 5, 1909 upon the Manhattan Company and his determination is now under review in the United States courts awaiting trial.

## WELFARE WORK

Your management has given considerable attention to the problem of welfare work. Mr. H. H. Vreeland has been appointed Director of Welfare Work, and as such is Chairman of the Welfare Committee.

In creating a Welfare Department your Company was prompted, not only by humanitarian sentiments, but by self-interest as well, since self-satisfied employes may naturally be expected to work more diligently, and be more disposed to aid in promoting the welfare of an organization which takes pains to promote theirs.

Some years ago there was adopted a plan of voluntary relief through which all employes might become associated for the purpose of securing specific relief for themselves and families in case of sickness, accident or death, the Company supplying all necessary facilities for carrying on the work without expense to the association. The voluntary fund thus created is kept up by contributions from employe members, and there can be no payments therefrom except for benefits. The surplus funds are invested in such securities as are legal investments for savings banks in the State of New York.

Members of the Relief Association are entitled to the services of two regularly appointed physicians of the Company, who maintain an office at No. 165 Broadway, for the purpose of directing and supervising the care and treatment of the sick and injured.

A Loan Fund has been established to aid employes who, by reason of sickness and death in their families are in need, thereby rendering it unnecessary for them to apply to outside sources for temporary financial assistance.

Sunshine Committees have been formed consisting of employes selected from each department of the Company's service, with several officials of the Company acting as ex-officio members. The duty of each member is to keep in close touch with his fellow workers in the department in which he is employed, reporting to the Chairman all cases of misfortune where assistance is needed. The duty of the Committees as a whole, is to visit the sick and the homes of the dead, and wherever possible alleviate the suffering of those who have met with misfortune. These Committees have a volunteer doctor and a visiting nurse, and are supplemented by a committee of ladies (wives of employes) who visit the homes of those in need, and administer to their comfort during periods of distress. The money to carry on the work is raised through picnics and outings, and from contributions made by the Company.

Stores have been established throughout the City, upon the Company's property, in which employes are able to obtain all the necessities of life, in the way of foodstuffs, at actual cost to the Company.

The wives of employees are furnished free transportation over the lines of your Company.

Restaurants are maintained at practically all terminal points for the benefit of employes. These restaurants are kept open throughout the twenty-four hours, and cooked food is sold at actual cost.

Recreation Rooms are also maintained at all terminal points for the use of employes. These rooms are equipped with libraries, reading rooms, pool rooms, shower baths and other comforts of club life. The books for the libraries are furnished by the New York City Traveling Library, and are available to members of the families of employes, for a limited period, without cost.

A band of one hundred employes has been organized and properly uniformed and equipped. It is known as the Subway Band and plays at various special and other functions of the employes. While its use is generally restricted to Company affairs, it occasionally participates in patriotic and civic functions, frequently furnishing the musical service at Sunday night church concerts, on which occasion employes generally attend.

The Company has devoted some of its real estate holdings to playgrounds for employes, for baseball, football, tennis, etc., with a grandstand for the use of themselves and friends. During the different seasons officials of the Company encourage employes to hold picnics, balls, clambakes, minstrel shows and other functions of a social nature. During the winter months each department holds its annual ball, as well as its annual dinner, in which affairs the officers of the Company participate. The object of these social gatherings is to cultivate closer social relationship and a greater feeling of community of interest between the employes themselves, as well as between officials and employes.

An illustrated newspaper is published monthly containing articles of personal and educational interest for circulation among employes. The paper is essentially an employes' paper, and its columns are open to employes at all times for the expression of their views on social and Company affairs. It is also used as a medium for keeping employes informed on rules and regulations of the Company and its general operating policy.

## GENERAL REMARKS

The increase in the net corporate income of your property for the fiscal year ended June 30, 1914, is greater than during the previous year notwithstanding the general depression in business conditions, which has resulted in almost universal decreases in railroad earnings throughout the country. While a small part of this increase resulted from interference to surface line traffic by snowstorms during the winter, the net result nevertheless establishes in no uncertain degree the stability of the earning power of the Rapid Transit Lines in Greater New York, and furnishes an excellent barometer of the basic value of their securities.

That this stability of earning power attaches to new rapid transit lines as well, the new mileage creating a corresponding increase in travel commensurate with the additional facilities furnished, is evidenced by the number of passengers carried per annum at the end of each ten-year period since the opening of the Elevated Lines for operation. In 1874 the Manhattan Elevated Railway carried 796,072 passengers, in 1884 it carried 96,702,620 passengers, in 1894 it carried 196,159,323 passengers, in 1904 it carried 286,634,195 passengers, while in 1914 the Elevated and Subway lines carried 651,886,671 passengers, an increase of approximately 100,000,000 passengers for each of the ten-year periods during which the facilities were not appreciably increased, and an increase of 365,000,000 passengers during the period of Subway operation. The increase in mileage during this last ten year period, by reason of the construction of the Subway, was approximately 70%, while the increase in the number of passengers carried was 127%. Thus the new mileage not only created new traffic equivalent, per mile of road, to the old, but the increase in the number of passengers carried on the combined mileage was greater per mile of road than during any previous ten-year period. This illustrates as nothing else can, that while the increase in population bears its due relation to the increase in traffic, the number of rides per capita per annum increases in proportion as the facilities for travel multiply.

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Your Company's agreement with J. P. Morgan & Company, Bankers, for the purchase of not exceeding \$170,000,000 of its 5% bonds, the proceeds to be used for refunding the Company's obligations and making its contribution toward the construction and equipment of new Subways and Elevated extensions, has been modified by

a reduction of the Company's actual requirements. For the calendar year 1913 the requirements of your Company amounted to only \$68,658,000 instead of \$78,000,000, as mentioned in last year's report. This reduces the total number of bonds to be sold for the purposes above mentioned by \$9,342,000, making a reduction in your Company's estimated capital obligations to that extent. In addition to the above reduction your Company has the option of still further reducing the total amount of bonds to be sold by such amounts as may be found available to the Company from other sources for the discharge of its obligations under Contract No. 3, and the Manhattan and Interborough Certificates.

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Under the terms of Contract No. 3 the City, through the Public Service Commission, has engaged to construct the new subway lines and lease them to your Company for operation. In awarding the contracts for this construction, the City's aim has been to place the trunk lines and tunnels under contract in advance of the outlying extensions, so that the entire system may be completed, as nearly as possible, at substantially the same time.

The Lexington Avenue line from 42nd Street to 152nd Street is entirely under contract and the construction work well advanced. The plans and contract for the short diagonal connection with the present subway at 42nd Street are about completed and the work will be advertised at an early date. The Seventh Avenue line extending from 42nd Street to South Ferry is completely under contract, and the work on most of the sections is well under way. The new Brooklyn extension branching from the Seventh Avenue Line at Park Place and extending under the Post Office, William Street and the East River to the Borough Hall Station in Brooklyn, is partially contracted for. The contract for the tunnel under the East River has been awarded and the work is now under way, and the contract for the extension from Clark Street under Fulton Street to the Borough Hall Station of the existing Subway is now being advertised. Plans and contracts for the sections under the Post Office and William Street, though somewhat retarded by the protracted negotiations between the City and the Federal authorities for the right to pass under the Post Office Building, have now been completed and the contracts are about to be advertised. As soon as these two sections and the diagonal connection at 42nd Street are awarded, the two principal trunk lines in the Borough of Manhattan and the extension to Brooklyn will be completely contracted for.

The work on the extension in the Bronx is also well advanced. The Jerome Avenue Line extending from 157th Street to Woodlawn Road is under contract, and all of the sections of the White Plains Road Line from Bronx Street to 241st Street have been awarded and the work is well under way. The Southern Boulevard Line branching from the Lexington Avenue Line at 138th Street has also been placed under contract as far as Bancroft Street.

The contract for the reconstruction of the Belmont Tunnel has been awarded and the work is nearing completion. As soon as completed the tunnel will be available for temporary operation, as contemplated under Contract No. 3. The extension from Van Alst Avenue to Queensboro Bridge is also under contract, as well as the lines to Astoria and Corona.

The extension of the present Subway from Atlantic Avenue, Brooklyn, up Flatbush Avenue to the Park Plaza has been placed under contract and the work commenced, but none of the other Brooklyn lines have yet been awarded. It is anticipated, however, that the work on the outlying extensions will be rapid and will be completed in approximately the same time as the principal trunk lines.

All of the additional third tracks authorized by the certificate to Manhattan Railway Company have been fully legalized by the orders of the Appellate Division in lieu of property owners' consents, and a general contract covering the work has been made by the Interborough Company with Terry & Tench, Snare & Triest and T. A. Gillespie companies. The construction work under this contract, has the direct supervision of the Interborough Company and is progressing rapidly at various points.

Progress has also been made in the preliminary work on the Elevated extensions and connections.

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Acknowledgment is made of the efficient services rendered to the Company and its patrons by the officers and employes during the past year.

Respectfully submitted, by order of the Board of Directors.

THEODORE P. SHONTS,  
President.

# INTERBOROUGH RAPID TRANSIT COMPANY

COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1914 AND 1913

YEAR ENDED JUNE 30	1914			1913			Increase Decrease*
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation....	\$15,594,075.01	\$17,003,496.27	\$32,597,571.28	\$15,365,163.53	\$16,358,675.41	\$31,723,838.94	\$873,732.34
Other Street Railway Operating Revenue.....	360,762.70	557,061.71	917,824.41	324,751.60	449,280.18	774,031.78	143,792.63
Gross Operating Revenue....	\$15,954,837.71	\$17,560,557.98	\$33,515,395.69	\$15,689,915.13	\$16,807,955.59	\$32,497,870.72	\$1,017,524.97
Operating Expenses:							
Maintenance of Way and Structures.....	\$906,063.65	\$ 800,633.36	\$1,706,697.01	\$906,376.83	\$791,580.95	\$1,697,957.78	\$8,739.23
Maintenance of Equipment....	1,090,001.34	1,234,309.78	2,324,311.12	1,022,229.52	1,781,057.16	2,803,286.68	*478,975.56
Traffic.....	102.39	35.75	138.14	276.63	175.40	452.03	*313.89
Transportation Expenses.....	4,142,751.38	3,384,063.36	7,526,814.74	4,045,763.20	3,364,178.78	7,409,941.98	116,872.76
General Expenses.....	591,316.86	752,775.49	1,344,092.35	641,691.45	707,413.22	1,349,104.67	*5,012.32
Total Operating Expenses....	\$6,730,235.62	\$6,171,817.74	\$12,902,053.36	\$6,616,337.63	\$6,644,405.51	\$13,260,743.14	*\$358,689.78
Net Operating Revenue.....	\$9,224,602.09	\$11,388,740.24	\$20,613,342.33	\$9,073,577.50	\$10,163,550.08	\$19,237,127.58	\$1,376,214.75
Taxes.....	1,695,759.93	386,188.50	2,081,948.43	1,727,475.00	389,405.27	2,116,880.27	*34,931.84
Income from Operation.....	\$7,528,842.16	\$11,002,551.74	\$18,531,393.90	\$7,346,102.50	\$9,774,144.81	\$17,120,247.31	\$1,411,146.59
Non-Operating Income.....	59,713.47	553,139.08	612,852.55	47,444.02	440,046.27	487,490.29	125,362.26
Gross Income.....	\$7,588,555.63	\$11,555,690.82	\$19,144,246.45	\$7,393,546.52	\$10,214,191.08	\$17,607,737.60	\$1,536,508.85
Interest and Sinking Fund on City Bonds.....		2,361,064.88	2,361,064.88		2,339,482.68	2,339,482.68	21,582.20
Interest on Interborough Rapid Transit Co. 1st Mortgage 5% Forty-Five Year Gold Bonds..		482,650.00	482,650.00		1,692,061.12	1,692,061.12	*1,209,411.12
Sinking Fund on Interborough Rapid Transit Co. 1st Mortgage 5% Forty-Five Year Gold Bonds		113,196.66	113,196.66		336,290.84	336,290.84	*223,094.18
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds..		2,238,232.77	2,238,232.77		162,586.80	162,586.80	2,075,645.97

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds..	50,000.00	50,000.00	50,000.00	50,000.00
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	17,500.00	\$17,500.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense.....	\$3,565.37	3,565.37	\$31,758.12	*28,192.75
Interest on Unfunded Debt.....	37,500.00	37,500.00	643,333.34	*605,833.34
Other Rent Deductions.....	799.95	7,376.51	6,576.56	799.95
Total Income Deductions....	\$5,882,656.56	\$11,119,666.19	\$5,865,156.56	\$48,996.73
Net Corporate Income.....	\$1,705,899.07	\$6,318,681.19	\$1,528,389.96	\$1,487,512.12
Dividends on Interborough Rapid Transit Co. Stock (10%-3% extra for 1914, 2% extra for 1913). ..		5,250,000.00		1,050,000.00
Surplus .....	\$1,705,899.07	\$2,774,580.26	\$1,528,389.96	\$437,512.12
Per Cent. Expenses to Earnings Excluding Taxes.....	42.18	38.49	42.17	*2.31
Including Taxes.....	52.81	44.71	53.18	*2.61
Passengers Carried.....	311,473,568	340,413,103	306,845,006	17,570,155
Daily Average Passengers Carried	833,352	932,639	840,671	48,138

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1914 AND 1913

Description	1914	1913	Increase
Interest and Sinking Fund on City Bonds.....	\$2,361,064.88	\$2,339,482.68	\$21,582.20 (1)
Interest on First Mortgage 5% 45-Year Gold Bonds.....	482,650.00	1,692,061.12	*1,209,411.12 (2)
Sinking Fund on First Mortgage 5% 45-Year Gold Bonds.....	113,196.66	336,290.84	*223,094.18 (2)
Interest on First and Refunding Mortgage 5% Gold Bonds.....	2,238,232.77	162,586.80	2,075,645.97 (3)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds....	1,591,080.00	1,591,080.00	
Interest on New York Elevated Railroad 5% Debenture Bonds.....	50,000.00	50,000.00	
Manhattan Railway Rental, (Organization).....	35,000.00	17,500.00	17,500.00 (4)
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense.....	3,565.37	31,758.12	*28,192.75 (2)
Interest on Unfunded Debt.....	37,500.00	643,333.34	*605,833.34 (5)
Other Rent Deductions.....	7,376.51	6,576.56	799.95
<b>Total Income Deductions.....</b>	<b>\$11,119,666.19</b>	<b>\$11,070,669.46</b>	<b>\$48,996.73</b>

\*Decrease

### NOTES

(1) Due to the increase in the amount of bonds issued by the City to provide means for constructing additional Station Entrances and Exits, and in connection with the acquiring of Easements and Real Estate for the Brooklyn Extension.

(2) Due to calling for redemption on November 1st, 1913, all the outstanding First Mortgage 5%, 45-Year Gold Bonds, from which date all interest, sinking fund and amortization charges thereon ceased.

(3) Due to the issuance on April 21st, 1913, of \$16,043,000 First and Refunding Mortgage, 5% Gold Bonds, to provide funds for the retirement of \$15,000,000 Notes due May 1st, 1913, and of \$36,572,000 First and Refunding Mortgage 5% Gold Bonds, to refund First Mortgage 5% 45-Year Gold Bonds, November 1st, 1913.

(4) Due to the increase in the organization rental, payable to the Manhattan Railway Company, under the agreement with that Company dated March 15th, 1913.

(5) Due to the payment on May 1st, 1913, of \$15,000,000 4½% Notes with funds derived from the sale of \$16,043,000 First and Refunding Mortgage 5% Gold Bonds.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT SHOWING RESULTS FROM OPERATIONS FOR THE YEARS ENDED JUNE 30, 1910 TO 1914, INCLUSIVE

	YEAR ENDED JUNE 30			
	1910	1911	1912	1913
Gross Operating Revenue.....	\$28,987,648	\$29,767,352	\$31,246,392	\$32,497,870
Operating Expenses.....	11,013,143	12,368,982	13,047,802	13,260,743
Net Operating Revenue.....	\$17,974,505	\$17,398,370	\$18,198,590	\$19,237,127
Taxes.....	1,750,422	1,925,090	1,979,431	2,116,880
Income from Operation.....	\$16,224,083	\$15,473,280	\$16,219,159	\$17,120,247
Non-Operating Income.....	411,024	339,915	1,305,200	487,490
Gross Income.....	\$16,635,107	\$15,813,195	\$17,524,359	\$17,607,737
Interest on Bonds and Notes, Rentals, Sinking Fund and Amortization Charges (including Manhattan Guarantee) .....	10,552,960	10,673,158	11,000,593	11,070,669
Net Corporate Income.....	\$6,082,147	\$5,140,037	\$6,523,766	\$6,537,068
Dividends.....	3,150,000	*3,500,000	†5,250,000	†4,200,000
Surplus.. .....	\$2,932,147	\$1,640,037	\$1,273,766	\$2,337,068
Per Cent Expenses to Earnings.....	37.99%	41.55%	41.76%	40.80%
Passengers Carried.....	562,788,395	578,154,083	607,244,697	634,316,516

\*9% regular and 1½% extra

†10% regular and 5% extra

†10% regular and 2% extra

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1914

## ASSETS

FIXED CAPITAL.....	\$66,364,605.53
INVESTMENTS.....	23,806,121.62
ADVANCES TO ASSOCIATED COMPANIES....	2,442,852.04
CURRENT ASSETS .....	19,293,885.51
Cash.....	\$5,779,803.33
Accounts Receivable.....	5,633,412.21
Bills Receivable.....	6,120.00
Interest and Dividends Receivable.....	333,752.43
Material and Supplies.....	1,351,640.89
Special Deposits:	
To meet Coupons due not presented.....	19,346.40
To meet uncollected Dividends on Manhattan Railway Company Capital Stock.....	110.25
To meet Dividend due July 1st, 1914, on Manhat- tan Railway Company Capital Stock .....	1,050,000.00
To meet Dividends due July 1st, 1914 on Inter- borough Rapid Transit Company Capital Stock	2,625,000.00
To meet Interest due July 1st, 1914 on First and Refunding Mortgage 5% Gold Bonds....	2,466,450.00
To meet 45-Year Gold Mortgage Bonds called November 1st, 1913.....	7,350.00
Cash Deposit with State Workmen's Compensation Commission .....	20,900.00
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	38,324,071.07
Subway Contribution Cash.....	\$32,255,176.69
Manhattan Third Tracking Cash.....	2,231,429.00
Elevated Extension Cash.....	2,282,922.40
Manhattan Power House Cash.....	1,554,542.89
PREPAYMENTS.....	904,870.70
Insurance.....	\$148,138.52
Taxes.....	746,552.06
Rents.....	10,180.12
CONTINGENT ASSETS—STATE TAXES PAID UNDER PROTEST..	535,743.09
ITEMS AWAITING DISTRIBUTION .....	170,226.57
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....	58,842.76
DEFERRED CHARGES.....	8,213,535.46
Unamortized Debt Discount and Expense	
TOTAL.....	\$160,114,754.35

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1914

## LIABILITIES

CAPITAL STOCK.....	\$35,000,000.00
FUNDED DEBT... ..	98,665,000.00
45-Year Gold Mortgage 5% Bonds (called November 1st, 1913).....	\$7,000.00
First and Refunding Mortgage 5% Gold Bonds.....	98,658,000.00
MANHATTAN RAILWAY COMPANY, LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES.....	9,045,986.65
Interest and Rentals Accrued, not due.....	\$1,265,007.26
Coupons due, not presented.....	19,346.40
Dividends April 1st, 1909 to April 1st, 1914, inclusive, on Manhattan Railway Company Capital Stock, unpaid .. ..	110.25
Dividends due July 1st, 1914 on Manhattan Railway Company Capital Stock.....	1,050,000.00
Dividends due July 1st, 1914 on Interborough Rapid Transit Company Capital Stock.....	2,625,000.00
Interest due July 1st, 1914 on First and Refunding Mortgage 5% Gold Bonds.....	2,466,450.00
Due for Wages....	234,524.48
Accounts Payable.....	770,917.80
Taxes Accrued.....	614,630.46
ACCRUED AMORTIZATION OF CAPITAL.....	1,812,041.85
PROFIT AND LOSS SURPLUS.....	15,214,403.12

TOTAL..... \$160,114,754.35

# ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED JUNE 30, 1914

## CHARGEABLE TO CAPITAL ACCOUNT

### A—On Existing Lines—Manhattan Railway Division

Land Damages and Legal Expenses in connection therewith.		
Additional Station at 38th Street and 6th Avenue.		
Additional Station at 99th Street and Columbus Avenue.		
Buildings and Improvements along the 3rd Avenue Right of Way north of the Harlem River acquired from the Gleason Company.		
One Riley stoker installed at 74th Street Power Station.		
Reinforcing structure account of Electrical Equipment.		
Making a charge to the Manhattan Railway Company Construction Account of.....	\$233,963.13	
There was, however, credited to this account during the year the amount allowed the Manhattan Railway Company in the settlement of the account with this Company for additions and betterments on the Elevated Lines to June 30th, 1913.....	410,269.08	
Resulting in a net credit to the Manhattan Railway Construction Account of.....		\$176,305.95

### Subway Division

Additional Signals and Automatic Stops on Lenox Avenue and Broadway Line.		
Additional Tools and Machinery at 148th Street Shops.		
Four Oil Switches installed at 59th Street Power Station.		
Fourteen Taylor Stokers installed at 59th Street Power Station.		
Movable Station Platform at 14th Street.		
Two Additional 50 K. V. A. Transformers installed Sub-Station No. 18.		
Two 300 K. W. Turbo-Generators installed at 59th Street Power Station.		
Making a charge to the Interborough Rapid Transit Company Fixed Capital Account of....	\$115,430.05	
There was, however, credited to this account during the year the cost of Capital retired from service amounting to .....	224,344.98	
Resulting in a net credit to Interborough Rapid Transit Company Fixed Capital Account of.....		108,914.93

### B—New Subways, Elevated Improvements and Extensions

#### CONTRACT NO. 3

Construction.....	\$6,163,175.79	
Equipment.....	189,142.33	\$6,352,318.12
MANHATTAN THIRD TRACKING		
Plant and Structure.....	\$1,011,575.23	
Equipment.....	614.83	1,012,190.06
ELEVATED EXTENSIONS		
Plant and Structure.....	\$311,326.47	
Equipment.....	43,127.60	354,454.07
MANHATTAN POWER PLANT IMPROVEMENTS...	707,919.67	8,426,881.92
TOTAL.....		\$8,141,661.04

## COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE

### 5% BONDS, DATED JANUARY 1, 1913:

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected situate in the City of New York, constituting the main power house and electric substations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1, and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid contract No. 1, dated February 21, 1900, between John B. McDonald and The City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of The City of New York created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between The City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and The City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of The City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between The City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto;

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorization or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate, The Webster Avenue Line, 8th Avenue

& 162nd Street Connection, The Queensboro Bridge Line, and the West Farms Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company dated March 20, 1913, whether held by the Company or deposited for its account in any depository, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgage by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough certificate, or the said Manhattan certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1914

The following equipment is owned or leased by your Company; that of the Subway Division being owned and that of the Manhattan Railway Division being leased for 999 years from the date of the organization of said Company, to wit: November 1, 1875.

### MANHATTAN RAILWAY DIVISION

PASSENGER CARS:	1914	1913	
Motor, closed.....	1029	1030	—1
Trailer, closed.....	715	715	....
Trailer, open .....	36	36	....
Total.....	1780	1781	—1
SERVICE CARS:			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Flat, motor.....	2	2	....
Pay, trailer, closed.....	1	1	....
Supply, trailer, closed.....	16	16	....
Tool, trailer, closed.....	1	1	....
Ticket, trailer, closed.....	2	2	....
Flat, trailer.....	31	31	....
Hopper, trailer.....	5	5	....
Derrick, trailer .....	1	1	....
Total.....	61	61	....
Total, Manhattan Railway Division.....	1841	1842	—1

### SUBWAY DIVISION

PASSENGER CARS:			
Composite, motor, closed.....	124	124	....
Steel, motor, closed.....	666	666	....
Composite, trailer, closed.....	353	354	—1
Total.....	1143	1144	—1
SERVICE CARS:			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Test, motor, closed.....	1	1	....
Observation, motor, closed.....	1	1	....
Steel, flat, motor.....	7	7	....
Pay, trailer, closed.....	1	1	....
Emergency pump, trailer.....	1	1	....
Wooden, flat, trailer.....	18	18	....
Steel, flat, trailer.....	15	15	....
Total.....	46	46	....
Total Subway Division.....	1189	1190	—1
Total Cars of all descriptions.....	3030	3032	—2*

\*2 cars destroyed.

—Decrease.

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1914

### FINANCIAL STATEMENT

Receipts to June 30, 1913, inclusive..... \$498,875.20

#### *Receipts for year ended June 30, 1914*

Contributions from members .....	\$83,049.02	
Interest on investments and bank balances.....	2,659.90	85,708.92
<b>Total Receipts .....</b>		<b>\$584,584.12</b>
Disbursements to June 30, 1913, inclusive.....	\$436,223.39	

#### *Disbursements for year ended June 30, 1914*

Accident Benefits Paid.....	\$3,905.75	
Sickness Benefits Paid.....	42,999.75	
Death Benefits Paid.....	38,534.67	
Contributions Refunded.....	426.47	85,866.64
<b>Total Payments.....</b>		<b>522,090.03</b>
Cash on hand June 30, 1914.....	\$3,651.33	

#### *Investments*

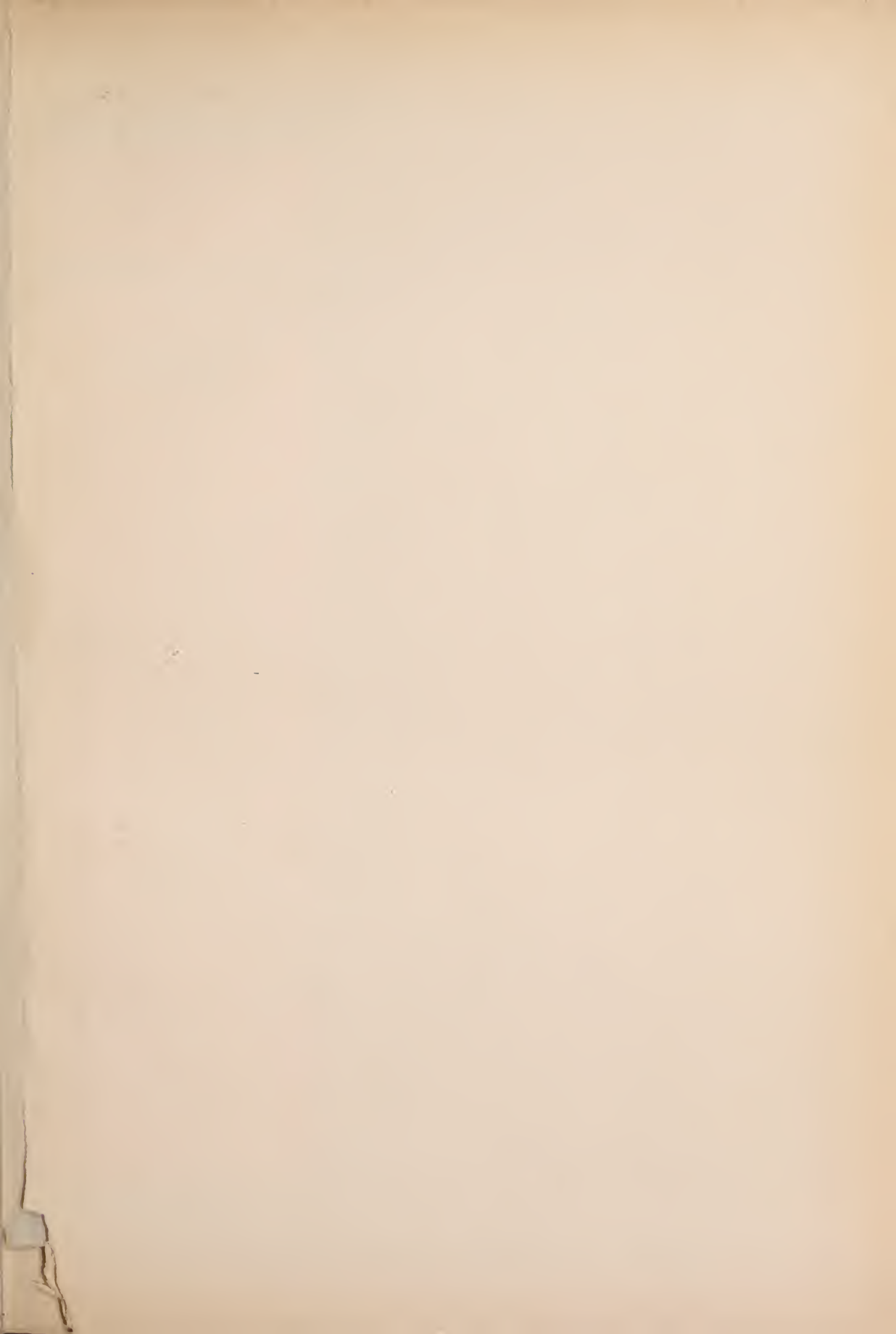
\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost.....	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4¼% Bonds due 1960, at cost.....	15,255.41	58,842.76
		<b>\$62,491.09</b>

### MEMBERSHIP STATEMENT

Membership June 30, 1913.....	6294
Employees admitted to membership during year ended June 30, 1914 .....	1356
Loss account of resignations, dismissals, deaths, etc... ..	1336
<b>Net gain during the year.....</b>	<b>20</b>
<b>Total membership June 30, 1914.....</b>	<b>6314</b>

During the year the Medical Examiners have made 6110 calls on disabled members.



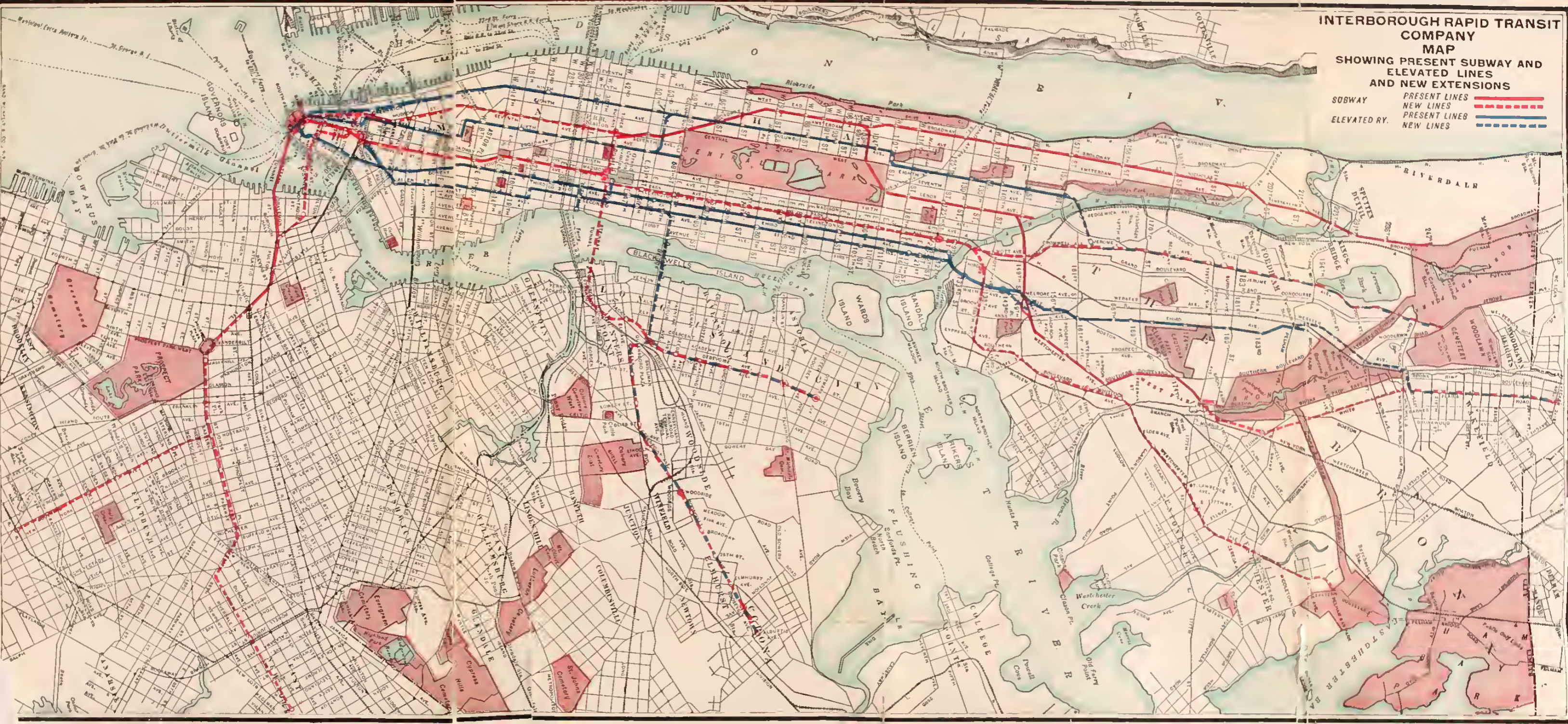




INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
AND NEW EXTENSIONS

SUBWAY  
ELEVATED RY.

PRESENT LINES  
NEW LINES  
PRESENT LINES  
NEW LINES





1914 - 1915

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1915

PRINT  
JOHN WARD & SON  
NEW YORK

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1915

AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
W. LEON PEPPERMAN.....	New York
F. DE C. SULLIVAN.....	New York
CORNELIUS VANDERBILT .....	New York

### TERMS EXPIRE 1916

EDWARD R. BACON.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
EDWIN S. MARSTON.....	New York
DANIEL G. REID.....	New York
Vacancy .....	

### TERMS EXPIRE 1917

ANDREW FREEDMAN .....	New York
H. M. FISHER.....	Plainfield, N. J.
CHARLES B. LUDLOW.....	New York
THEODORE P. SHONTS.....	New York
E. E. STARBARD.....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
ANDREW FREEDMAN .....	New York
THEODORE P. SHONTS.....	New York
CORNELIUS VANDERBILT .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY	
Chairman of Board—AUGUST BELMONT, 43 Exchange Pl., N. Y. City	
President and Chairman Executive Committee, THEODORE P. SHONTS	
Assistant to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President.....	D. W. ROSS
Secretary.....	H. M. FISHER
Treasurer.....	J. H. CAMPBELL
General Counsel.....	RICHARD REID ROGERS
General Attorney.....	JAS. L. QUACKENBUSH
Auditor.....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE  
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.  
Annual Stockholders' Meeting, Fourth Wednesday in September.

### MILEAGE JUNE 30, 1915

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Sidings Etc.	Total Single Track
Queensboro Subway.	1.47	.42	1.05	....	....	.06	2.58
Subway.....	25.72	.63	10.41	7.18	7.50	12.30	85.29
Manhattan .....	37.67	....	22.37	15.30	....	27.36	118.00
Totals.....	64.86	1.05	33.83	22.48	7.50	39.72	205.87

.07 mile of track was removed from the Subway at South Ferry Loop on account of the construction of Route 4—38, Section 1—A, by the Rapid Transit Subway Construction Company.

.02 mile of track was installed on the Manhattan Division, being connection at 149th Street and Third Avenue.

The Queensboro Subway increased the mileage as shown above.

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1915.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1915.

The comparative income account for the years ended June 30, 1915, and 1914 is:

#### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1915	1914	Increase *Decrease
Gross Operating Revenue.....	\$33,433,742.81	\$33,515,395.69	*\$81,652.88
Operating Expenses .....	12,941,314.22	12,902,053.36	39,260.86
Net Operating Revenue.....	20,492,428.59	20,613,342.33	*120,913.74
Taxes .....	2,133,980.09	2,081,948.43	52,031.66
Income from Operation.....	18,358,448.50	18,531,393.90	*172,945.40
Non-Operating Income .....	623,631.25	612,852.55	10,778.70
Gross Income .....	18,982,079.75	19,144,246.45	*162,166.70
Income Deductions .....	10,913,595.48	11,119,666.19	*206,070.71
Net Corporate Income for the Year...	8,068,484.27	8,024,580.26	43,904.01
Add:			
Surplus, June 30, 1914, and June 30, 1913..	15,214,403.12	13,072,955.98	2,141,447.14
Tax Refunds and Other Credits.....	17,476.90	23,059.32	* 5,582.42
Totals .....	23,300,364.29	21,120,595.56	2,179,768.73
Appropriated for:			
Taxes Prior Years, Amortization, Capital Retirements and Other Charges.....	791,255.71	656,192.44	135,063.27
Dividends .....	7,000,000.00	5,250,000.00	1,750,000.00
Total Appropriations .....	7,791,255.71	5,906,192.44	1,885,063.27
Profit and Loss—Surplus.....	\$15,509,108.58	\$15,214,403.12	\$294,705.46

The results from operation are shown in the following:

**Statement of Operations for the Year Ended June 30, 1915**

Gross Operating Revenue.....	\$33,433,742.81
Operating Expenses .....	12,941,314.22
Net Operating Revenue.....	20,492,428.59
Taxes .....	2,133,980.09
Income from Operation.....	18,358,448.50
Non-Operating Income .....	623,631.25
Gross Income .....	18,982,079.75
Interest and Sinking Fund on City Bonds.....	\$2,360,066.03
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	2,632,572.97
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds .....	50,000.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	37,500.00
Other Rent Deductions.....	7,376.48
Total Income Deductions.....	10,913,595.48
Net Corporate Income.....	8,068,484.27
Dividends on Interborough Rapid Transit Company Stock, (10%—10% extra).....	7,000,000.00
Surplus .....	\$ 1,068,484.27
Per Cent. Expenses to Earnings.....	38.71
Passengers Carried .....	647,378,266

**Operating Revenue**

Gross Operating Revenue for the year ended June 30, 1915, was \$33,433,742.81, as compared with \$33,515,395.69 last year, a decrease of \$81,652.88 or 0.24%, the result of a gain on the Subway Division of \$283,236.91 or 1.61%, and a loss on the Manhattan Railway Division of \$364,889.79 or 2.29%.

The increase of \$283,236.91 in the earnings of the Subway Division is largely due to a substantial gain in traffic in that portion of the Bronx Borough served by this division, also, to the increased business in the shopping and amusement district at Grand Central and Times Square Stations.

The decrease of \$364,889.79 in the earnings of the Manhattan Railway Division, is due to the general depression in business

conditions throughout the City; the curtailment of activities among manufacturing establishments along the Second and Third Avenue Lines and the falling off of foreign travel, especially affecting the Ninth Avenue Line.

### **Operating Expenses**

Operating Expenses were \$12,941,314.22 as compared with \$12,902,053.36 last year, an increase of \$39,260.86 or 0.30%, the result of an increase on the Subway Division of \$31,252.38 or 0.50%, and an increase on the Manhattan Railway Division of \$8,008.48 or 0.12%.

The amount charged to Operating Expenses and credited to "Depreciation Reserve" was \$230,719.79 more than the previous year, whereas the expenditures for Maintenance showed a decrease of \$152,467.03, resulting in a net increase in charges for both Depreciation and Maintenance of \$78,252.76.

Owing to the changing conditions in the distribution of the density of traffic throughout the non-rush hours on both the Subway and Elevated Divisions, it was found necessary and expedient in furnishing service amply sufficient to meet the needs and comfort of the traveling public, to increase the car mileage on the Subway Division to the extent of 2,010,943 car miles, and on the Elevated Division by 551,202 car miles. This increase in car mileage was responsible for an increase in the cost of transportation amounting to \$89,142.26.

### **Net Operating Revenue**

The Net Operating Revenue was \$20,492,428.59, as compared with \$20,613,342.33 last year, a decrease of \$120,913.74, or 0.58%, the result of a gain on the Subway Division of \$251,984.53 or 2.21%, and a loss on the Manhattan Railway Division of \$372,898.27 or 4.04%.

### **Taxes**

The total amount of Taxes was \$2,133,980.09 as compared with \$2,081,948.43 last year, an increase of \$52,031.66 or 2.50%; Subway Division shows an increase of \$56,183.36 or 14.55%, and the Manhattan Railway Division a decrease of \$4,151.70 or 0.24%.

The long litigation involving the constitutionality of the State Tax Law which had been held to impose a tax upon the Company with respect to its subway operation, measured by a percentage of its earnings from that operation, was concluded this spring by a decision

of the United States Supreme Court upholding the statute in question as constitutional and confirming the assessments. The result thus achieved was reached only by a strict construction of the exemption statute, and, as was pointed out in the opinion of the New York Court of Appeals, that result was probably contrary to the intent of the legislators who enacted the exemption statute. There seems little doubt but that the legislature in 1894 intended to relieve the subway operator from every form of taxation. The effect of the decision, however, is to hold that because it was decided to form a corporation to operate the subway, the taking of that step made such corporation subject to taxation and the language of the exemption section was not broad enough to withdraw this Company from the scope of the tax statute. The taxes due under the disputed provision had been paid, so that this adverse decision made no unexpected drains upon the Company's treasury.

#### **Income From Operation**

Income from Operation was \$18,358,448.50 as compared with \$18,531,393.90 last year, a decrease of \$172,945.40 or 0.93%, the result of a gain on the Subway Division of \$195,801.17 or 1.78%, and of a loss on the Manhattan Railway Division of \$368,746.57 or 4.90%.

#### **Non-Operating Income**

Non-Operating Income was \$623,631.25 as against \$612,852.55 last year, an increase of \$10,778.70 or 1.76%, principally due to the increase in interest on bank balances and loans.

#### **Gross Income**

Gross Income was \$18,982,079.75 as compared with \$19,144,246.45 last year, a decrease of \$162,166.70 or 0.85%, the result of a gain on the Subway Division of \$127,166.58 or 1.10% and a loss on the Manhattan Railway Division of \$289,333.28 or 3.81%.

#### **Income Deductions**

Income Deductions were \$10,913,595.48 as compared with \$11,119,666.19 last year, a decrease of \$206,070.71 or 1.85%, the details of which are set out on Page No. 34, by which it will be seen that the interest on First and Refunding Mortgage 5% 53-Year Gold Bonds, chargeable against earnings for the twelve months ended June 30, 1915, fell below the interest, sinking fund and amortization charges of the previous year, a variation incident to the refunding operations effective November 1, 1913.

### **Surplus**

The Surplus over Dividends of 20% (including extra dividends of 10%) on the Capital Stock was \$1,068,484.27. On the basis of 10% dividends for one year the Surplus for 1915 would be \$4,568,484.27, as compared with \$4,524,580.26, a gain of \$43,904.01 in Surplus over the previous year. Your directors declared extra dividends amounting to 10% during the year payable out of the Surplus of the Company. Notwithstanding these extra dividend payments, there was an increase of \$294,705.46 in the Profit and Loss Surplus during the year.

### **Traffic**

The number of passengers carried was 647,378,266 compared with 651,886,671 last year, a decrease of 4,508,405 or 0.69%, the result of a gain on the Subway Division of 5,172,646 or 1.52%, and a loss on the Manhattan Railway Division of 9,681,051 or 3.11%. The Subway Division continues to reap the benefit of real estate development along streets and avenues contiguous thereto, while the traffic on both divisions reflects the prevailing business depression.

### **Maintenance of Way and Structures**

The structures and roadway of both the Manhattan Railway and Subway Divisions have been efficiently maintained throughout the year, the sum of \$1,545,949.91 having been expended for this purpose.

The work of strengthening the elevated structures which was inaugurated several years ago is making good progress. Pins, pin plates and column tops have been renewed, column foundations reinforced and longitudinal girders double latticed on the Sixth Avenue Line and a number of new longitudinal girders installed and others double latticed on the Ninth Avenue Line.

Station platforms have been raised to conform to standard height and construction at the 50th, 117th and 121st Street Stations on the Second Avenue Line; the 76th Street Station on the Third Avenue Line; the 72nd Street Station on the Sixth Avenue Line, and the 23rd, 30th, 42nd and 50th Street Stations on the Ninth Avenue Line.

The work of installing contacts on the 129th Street Drawbridge with a pneumatically operated circuit breaker on the bridge controlled from Sub-stations No. 7 and No. 8 has been completed; also the rearrangement and control of the contact rail around the 129th Street Yard and the Suburban Line south of 133rd Street. This arrangement takes the place of the submarine cable and does away with the services of two men on the bridge.

The Manholes at 23rd and 34th Streets and Second Avenue have been enlarged and changes made in the ducts and cables located therein in order to relieve the congestion at that point.

The smokestacks of the Boiler Houses in the 129th Street and Second Avenue Yard, the 129th and 179th Street Yards of the Third Avenue Line and the 159th Street Yard of the Sixth Avenue Line have been replaced with new stacks.

New D. C. Lighting Circuits have been installed at all Elevated stations and stairways which had not been so equipped, for the purpose of providing a complete emergency lighting system.

A two arm home and distant signal was installed at 156th Street Station of the Third Avenue Line and the signal formerly in use removed to a new location north of the platform for the purpose of protecting the southbound track curve at that point.

The installation of two direct electrically driven centrifugal pumps in the vent chamber of the Subway near 47th Street has been completed. This was necessary in order to keep the Subway from being flooded during heavy rainstorms. Eighty-two new type covers and boxes for hand-hold drainings were also installed at points where the tracks were formerly subject to flooding following heavy rains.

A new oil tank of 225 gallons capacity equipped with an improved type of pump was installed on the north end of the station platform at 145th Street, southbound, Lenox Avenue.

The work of placing station signs on columns between the tracks for the purpose of assisting passengers in identifying Subway stations enroute has been completed at thirty-eight stations.

The installation of emergency alarm boxes in the Subway was completed during the year at 215th, 225th, 231st and 238th Street Stations, southbound; at the towers at Atlantic Avenue, 142nd Street-Lenox Avenue Junction; 148th Street Yard, Freeman Street, 145th Street-Broadway and Drawbridge and at the Gap Inspector's Office at 42nd Street and Despatcher's Office at Dyckman Street and 242nd Street.

The wooden covers on the boxes covering the lighting feeder cables which cross the Subway tracks between the ties at about forty different places are being removed and concrete covering substituted. This is being done for the purpose of lessening fire risk.

The work of rebuilding the Harlem River Dock at the 148th Street Yard has been completed.

All of the signal stands in the Subway are being raised on concrete benches six inches above the protection board. This will greatly reduce the risk of short circuits.

In order to obtain better fire protection the walls of the track buildings at 180th Street and Bronx Park Terminal have been covered with corrugated iron and tin roofs substituted for the shingle roofs.

Single bar railings have been erected alongside of the columns in the Subway at all points where the adjacent tracks are not on the same level, for the purpose of affording better protection on the upper-level tracks.

The sum of \$83,740 was expended during the year for painting the structures, stations, etc., on the Subway and Manhattan Railway Divisions.

Steel rails have been renewed in the Subway on 13.49 miles of single track out of a total of 85.29 miles and 57,993 ties were renewed out of a total of 303,000 ties in use. 5.72 miles of steel rails out of a total of 117.98 miles, and 16,802 ties out of a total of 494,000 ties were renewed on the Manhattan Railway Division.

In order to guard against omissions of any devices tending to improve service conditions or safety of operation, a semi-annual inspection and inventory of the physical property of the Company is made by the Company's engineers and transportation experts. The last report of this nature was made on February 1, 1915, and the property was found to be in good working condition with all of the improvements and new installations working satisfactorily.

### **Maintenance of Equipment**

606 trailer truck axles and 156 motor truck axles on the Manhattan Railway Division have been replaced with heat-treated carbon steel axles. This substitution is being made on all of the equipment for the purpose of increasing the factor of safety.

The relays for coasting clock circuits were replaced with an improved apparatus on 97 cars.

A new type of standard drawbar has been adopted for the Subway equipment and is now being installed on 111 steel cars. This new type of drawbar will also be installed on the 478 new steel cars recently ordered to take the place of the composite cars now in use.

Brackets are being installed on sector bars on all Manhattan Railway equipment for the purpose of preventing drawbars striking

and closing train line angle cocks. Drawbars are also being reinforced on the motor ends of motor cars.

The brake hangers on 1388 Subway built-up type of trailer trucks are being replaced with more substantial material.

Additional apparatus has been installed at all of the Inspection Barns in order to facilitate the recharging of emergency light storage batteries.

It was demonstrated, following a number of experiments, that the distance in which Subway trains could be stopped by the emergency operation of the motorman's valve could be considerably reduced by increasing the diameter of the pipe connections from the train line to the motorman's cab. These pipe connections are accordingly being replaced and increased from  $\frac{1}{2}$ " to  $\frac{3}{4}$ " diameter, thus increasing the effectiveness of the emergency brakes.

Heat-treated bolts are being installed in contact shoe beams on 971 trucks and new type drop forged bolts substituted for holding the shoe beams to trucks. This improvement is considered essential for the purpose of eliminating any danger of beams falling and forming short circuits.

666 cars were equipped during the year with sheet iron guards under levers of the overhead dooroperating devices on car platforms to prevent the possibility of passengers injuring their hands through grasping any of these levers as a means of support.

322 cars were equipped with porcelain enameled sanitary handholds.

The ceilings of 255 cars were white enameled for the purpose of making the light more effective. This improvement is gradually being extended over the entire Subway equipment.

### **Maintenance of Power Plants**

Material has been ordered and the work of making over eighty-one Manhattan Division 550 K.W. Transformers has been inaugurated. These transformers have been in use since the opening of the Manhattan Sub-stations, and it was intended to renew them at the rate of twenty-five annually. The approaching completion and operation of the third tracks, however, made it necessary to have the work performed immediately.

The Cables on the Broadway Division of the Subway have been re-racked in order to minimize cable trouble.

A number of the coal conveying belts at the 59th Street Power Plant have been renewed during the year.

The work of re-arranging the positive and negative feeders at Dyckman Street in order to prevent cable trouble and traffic interruptions has been completed.

As a protection against extremely low tides, such as prevailed during the past winter, it was necessary to lower the suction pipes on five units at the 59th Street Power Station in order to prevent interruption in the operation of these units. It was also necessary by reason of the large amount of coal and ashes handled at this point during the year to dredge the 58th Street Slip. About 25,000 yards of material were removed.

The installation of new machinery in the 59th and 74th Street Power Plants, laying new cables between the main Power Houses and Sub-stations and the construction of new Sub-stations for the purpose of providing the increased power necessary for the operation of the new subways, Elevated Third Tracks and Extensions has necessarily deferred a number of improvements which can more satisfactorily be carried through when the construction work is finished.

### Financial

The capital stock of your Company remains at \$35,000,000. The issue of First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, has been increased during the year by \$5,000,000, making the total amount outstanding as of June 30, 1915, \$103,658,000. These bonds were issued for the following purposes:

To provide funds for Subway Contribution under Contract No. 3 dated March 19th, 1913 .....	\$37,433,000
To provide funds for Elevated Third Tracking under Certificate dated March 19th, 1913 .....	8,420,000
To provide funds for Elevated Extensions under Certificate dated March 19th, 1913 .....	2,800,000
To provide funds for the Manhattan Division Power Plant Improvements..	2,390,000
For the Refunding of \$15,000,000 notes due May 1st, 1913, and the Forty-Five Year Mortgage 5% Gold Bonds called November 1st, 1913.....	52,615,000
	<hr/> \$103,658,000

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London stock exchanges.

Under Contract No. 3 with the City of New York, dated March 19, 1913, the Company is required to pay out of its own resources on the dates mentioned therein certain amounts representing depreciation upon its existing equipment, the total amounting to \$2,908,150. It was found that investing the sum of \$651,000 in New York City Revenue

Bonds, the proceeds to be reinvested in this Company's First and Refunding Mortgage 5% Bonds, would produce a sum sufficient to pay the amounts referred to on the specified dates, and fulfill these requirements of Contract No. 3 without further expense to the Company. This investment was accordingly made from the accrued amortization of capital reserve.

### **Additions and Betterments**

Expenditures on this account during the year aggregated \$24,274,028.83, the details of which are shown on page 35. They include payments made during the year on account of construction and equipment of new subways and Manhattan third tracks, extensions and power plant improvements.

The Queensboro Subway was equipped with drainage and fire protection systems, contact rail, contact rail feeders, track bonding, etc., and escalators installed at the Lexington Avenue Station for the purpose of temporary operation. The cost of this equipment will form part of this Company's contribution to Equipment, under Contract No. 3.

The new elevated station at 99th Street and Columbus Avenue has been completed and placed in operation.

Arrangements are being made to erect a stairway at the Northeast corner of 59th Street and Third Avenue, on the Third Avenue Elevated Line, which, in the opinion of your Company's operating officers is desirable for the proper handling of the increased traffic at that station.

The installation of additional patent space devices for filling the gap at curve platforms of Subway stations is progressing favorably. At the 14th Street Station where this device is in use, boarding and alighting accidents at the point where the device has been installed have been practically eliminated.

The construction of an additional entrance and exit stairway at Court and Joralemon Streets, west end of Borough Hall, and an exit stairway at east end of same station, has been completed and placed in operation.

At the Manhattan Street Station the construction of two additional stairways and four stairways in new locations in place of four old ones, also work of enlarging two mezzanine passageways and connecting same have been completed and placed in operation.

An extra stairway is being built for Freeman Street Station, Southern Boulevard.

A passageway has been constructed leading from the new Adams Express Company Building, Nos. 57-61 Broadway, to the southbound Wall Street Subway Station for the purpose of affording accommodations for traffic through that building and relieving the congestion at the other entrances.

A passageway has been constructed leading from the Subway station to the Namm Building at Fulton and Hoyt Streets, Brooklyn.

Changes are being made in the entrances and exits at the northbound Columbus Circle Subway Station: The entrances and exits located on the northerly side of the station, one on the westerly side of Central Park West, and the other on Broadway, are being removed and new exits and entrances constructed in connection with the building now being erected on the property situated on the northerly side of Columbus Circle between Central Park West and Broadway. The station platform is also being extended for the accommodation of these two entrances and exits.

An additional entrance into the Times Square Subway Station has been constructed through the Fitzgerald Building at the southeast corner of Broadway and 43rd Street.

A passageway is about to be constructed to the new Equitable Office Building leading from the Wall Street Subway Station platform to the basement of the building. The contract covering the construction and maintenance of this passageway is similar to all others providing like Subway entrances and exits, and requires that the passageway shall be kept open from 7 A. M. until 7 P. M. except on Sundays and holidays, and to be properly heated, lighted and policed, and suitable provision made for the sale of tickets.

Following the hearings before the Public Service Commission, at which both property owners' associations and this Company appeared, a final order was issued under date of April 30, 1915, directing the construction of an express station on the Second Avenue Line at 86th Street, to be operated in connection with the new third tracking. Plans for this station are now being prepared.

The east mezzanine platform at the Grand Central Station has been extended to a connection with the building at the northeast corner of Vanderbilt Avenue and 42nd Street.

New electric pneumatic interlocking plants are being installed at 154th and 159th Streets and Eighth Avenue to provide for additional train service, on account of the third tracking improvements on the Manhattan Elevated structure, and for through service to Jerome Avenue via the Putnam Bridge and the extension of the Ninth Avenue service, which now terminates at 135th Street.

Speed control signals have been installed for the better protection of traffic at the 142nd Street Junction on the southbound track approaching 142nd Street and Lenox Avenue from the Harlem River, and on the southbound track approaching the junction from 145th Street and Lenox Avenue Station.

Your Company is the owner of real estate at 242nd Street and Broadway, on which there is a large area of low ground. It was found that this could be filled in economically by utilizing the material excavated by the Rapid Transit Subway Construction Company in the construction of the Subway section under Greenwich Street from Battery Park to Vesey Street. Trestles and bins have therefore been constructed at Liberty and Greenwich Streets where the excavated material is dumped into cars on the Elevated structure, transported to the 242nd Street Yard, and there distributed.

478 new steel car bodies were ordered to take the place of the copper sheathed car bodies now being operated in the Subway. These car bodies will be placed on the trucks of the composite cars and equipped with all of the latest automatic and electrically operated safety devices. In connection with the removal of composite car bodies, the Public Service Commission has been notified that the cars are being removed subject to the Company's rights and the City's obligation under Contracts No. 1 and No. 3.

Twelve new all-steel cars were purchased for the operation of the Queensboro Subway. These cars were purchased pursuant to provision of Contract No. 3, dated March 19, 1913, between the City of New York and this Company, and the cost thereof was charged to Equipment account under said contract.

10 Dump cars were purchased from the Magor Car Company and placed in service for hauling dirt removed from subway excavation at Greenwich Street, to 242nd Street and Broadway, for filling in low ground.

Trial equipment furnished by the General Electric Company consisting of six G. E. 220 Motors, 2 C. P. 28 Air Compressors with

governors, including control apparatus, after a thorough and satisfactory test, was purchased during the year for installation on cars for which new equipment was necessary.

One 25,000 lbs. capacity Spring Testing Machine was installed in the 148th Street and Seventh Avenue Shop.

In connection with the equipment of Subway station platforms located on curves with space devices for the protection of passengers from boarding and alighting accidents, all of the cars in the express service have been equipped with guideboards to automatically engage these devices and bring them into position after the train has stopped and before the doors of the cars are opened.

The submarine cable running from Manhattan Sub-station No. 6 to Man O' War Reef, being no longer required for use in constructing the Queensboro Subway, has been removed from the latter point and run to the yard at the foot of East 42nd Street for use by the Rapid Transit Subway Construction Company in connection with the work of constructing the "Diagonal Section" of the new subway and the additional work in the Queensboro Subway.

The first of the three 30,000 K.W. turbine units contracted for installation in the 74th Street Power House in connection with the operation of the Manhattan Elevated third tracks and extensions and the new Subways, was put in operation December 29, 1914, the second on February 24, 1915, while the third is not yet fully completed. Thus far, with only two turbines in operation, and basing the estimate upon the output of power for the year 1914, a saving of approximately \$200,000 per annum is indicated.

Two 4,000 K.W. Rotary Equipments were installed and placed in operation in the Manhattan Railway Division Sub-station No. 4, and one in Sub-station No. 7. Twenty-four new and improved stokers have been installed in the 59th Street Power House, which are expected to accomplish a reduction in the cost of coal of approximately \$89,000 per annum.

Pending the installation of the new units in the 74th Street Power House a system of cables known as a Tie Line was installed between this Power Station and the Waterside Station of the New York Edison Company so as to insure ample supply of power in case of breakdown in this Company's system.

An 80 ton crane was purchased and installed in the 74th Street Power House; also one 12½ K.W. motor generator set for use in connection with the switching apparatus.

Additional switching apparatus and equipment is now in process of installation in the 74th Street Power House and Manhattan Sub-stations.

In order to prepare for the power required for third tracking, changes are being made and additional equipment being installed in all Sub-stations. This power will be supplied without the purchase of additional ground space or erection of additional buildings, except for No. 7 Sub-station, where the building will be enlarged 25%, but in this case, however, the Sub-station will also supply power for the Lexington Avenue Subway.

In connection with the Sub-station changes, approximately 60,000 feet of 3-conductor, 4/0 cable is being installed from the power station to the various Sub-stations, while at Sub-station Nos. 5 and 6, additional rotary equipment is being installed.

In order to minimize D.C. cable trouble, arrangements are being made to install protective equipment which will practically eliminate all dangers from such trouble. Also cable-testing outfit was ordered for installation in Sub-station No. 13 to test these cables to see if trouble is likely to occur.

To temporarily carry Sub-station No. 2 during the winter, on account of excessive load at 74th Street, 34,000 feet of 3-conductor, 3/0 cable was installed between that station and the 59th Street Power Station; while at Sub-station No. 21, a duplicate charging set was installed to provide for the failure of the first set, so that this Station is now the same in construction as the other Sub-stations.

To prepare for power requirements for the new subways, 37,000 feet of 4/0, 3-conductor paper and lead cable is being installed between the 59th Street Power House Station and Sub-station No. 18, and 18,000 feet of D.C. cable was installed for the temporary operation of the Queensboro Subway, together with additional cable for its temporary lighting. Plans are under way for the erection of new Sub-stations at 211th Street and White Plains Avenue, 75'x100', and Jackson and Barn Avenues, Long Island City, 50'x125'.

The location of the new subways made it necessary to change the duct line of cables on Park Avenue between 33rd and 41st Streets, and also at South Ferry.

## **Fire Insurance**

No large fire loss occurred during the year to the properties of your Company. Since last annual report there have been some slight losses on rolling stock, all of which were fully covered by insurance. A rigid system of fire inspections has been continued with excellent results. In the renewal of insurance schedules the past year large general reductions in rates were again secured.

The Underwriters Electrical Bureau, in its annual report, following its customary inspection of your properties, comments favorably on their general condition and states; "The wiring and equipment of the cars represents the best type of construction and insulation, and each car, in addition, both elevated and subway, is equipped with two Extinguishers."

## **Real Estate**

Your improved properties have continued to remain well tenanted during the year.

Your Company is the owner of property Nos. 156-158 East 42nd Street, approximately 42 by 99 feet, originally acquired by the New York and Long Island Railroad Company for entrance into the Queensboro Subway and now partly used for that purpose. In order to protect the entrance to the Tunnel at that point and utilize the balance of the property to the best advantage, a three-story building was erected thereon, this size building being considered the best for profitable rental. The foundations were made sufficiently strong, however, to carry a five-story building should it be found advantageous to add the additional stories in the future.

The corner of Chatham Square and Division Street, comprising about 500 square feet under the elevated structure, was leased for fifteen years, at an increased aggregate rental of \$6,750.00; the tenant undertaking to make extensive alterations, in a manner satisfactory to the Chief Engineer of your Company. The lease is subject to cancellation in case the property is needed for railroad purposes.

The City has acquired through condemnation proceedings a sub-surface easement in the property at the southeast corner of Greenwich and Morris Streets, owned by the Manhattan Railway Company, as part of the right of way of the New York Municipal Railway Corporation. This Company's claim for the value of the easement and the buildings which had to be demolished on account of it will be presented before the Condemnation Commissioners in the usual way.

With the approval of the Public Service Commission property was purchased on the North side of 211th Street East of White Plains Road for the purpose of locating a Sub-station to provide power supply in the White Plains Road district for the operation of the extension of this Company's railroad from a connection with the present Subway in Boston Road between 178th Street and 179th Street, to a point on White Plains Road at the intersection of East 241st Street or Becker Avenue, in accordance with Contract No. 3.

Property for a Sub-station was acquired on Jackson Avenue in Queens County, with the approval of the Public Service Commission. The cost of same will be met out of this Company's contribution for equipment under Contract No. 3.

### Injuries and Damages

	1915	1914		
Claims, suits and judgments. . . . .	\$320,660.92	\$296,414.86	Increase	\$24,246.06
Expenses. . . . .	195,056.05	160,148.22	"	34,907.83
Total . . . . .	\$515,716.97	\$456,563.08	"	\$59,153.89

The increase over last year (\$59,153) is approximately the same amount as the decrease (\$58,995) of 1914 under 1913. The total disbursements for 1915 (\$515,716.97) were exactly \$158.45 more than the total for 1913 (\$515,558.52.) These fluctuations are bound to occur from year to year but it is apparent that the ratio for a period of years will be about the same as the experience of recent years so long as conditions remain as at present.

Two unusual accidents hereinafter referred to were the principal causes of the increased claim settlements while the workmen's compensation law caused a considerable increase in expenses. The number of actions against the Company continues to increase notwithstanding our liberal policy of settlements without litigation. While the plaintiffs in these suits were successful in even a smaller percentage of the cases tried this year than last the expenses necessarily increase in proportion to the volume of cases tried.

The disbursements for claims, suits and judgments amounted to .96% of the gross operating revenue and the expenses were .58% making an aggregate for the year of 1.54% compared with 1.36% last year and 1.58% the year before.

### The Fifty-third Street Smoke Case

The work of connecting the existing Subway with the new Seventh Avenue Subway at Times Square was so hazardous on

account of the necessary very frequent train operations and the numerous electrical appliances and cables there installed that the management viewed with apprehension the plan of the public authorities to let the work to an outside contractor simply because such contractor tendered a bid lower than that of the Rapid Transit Subway Construction Company. As a result of our protests it became apparent that the lowest bidder at the first public letting had entirely failed to appreciate the dangerous character of the work and new proposals were invited. Again we protested that the lowest bidder (this time a different contractor) had demonstrated a lack of understanding of the situation and we urged that the public interests demanded that the work be intrusted to our organization. The Rapid Transit Act contained a provision authorizing the lowest bidder to be ignored when the public interest so required. But our objections were disregarded and the only serious accident in the history of the Subway was the result. This was the accident at 53rd Street and Broadway on January 6, 1915, where so many passengers were overcome by smoke which emanated from burning insulation on electrical cables which had become short circuited through the carelessness of employees of the contractor. Their employees while drilling through the Subway walls in 42nd Street punctured the cables with their drills thus causing numerous short circuits, the most destructive of which occurred in a manhole near 53rd Street. It was at the height of the morning rush hour and many heavily loaded trains were in the immediate vicinity. Before all of the passengers had left the cars the smoke and excitement caused many to be overcome. All of the passengers who were affected by the smoke recovered without serious or permanent injury with the unfortunate exception of one woman who could not be revived.

The entire organization of the Company was promptly at the scene of the accident and every possible assistance was given to passengers. While the loss of a single life is deplorable, it may be permissible to point out that, with the many thousands of passengers in the Subway at the time, had not the employees conducted themselves with great circumspection, the result might easily have been much worse.

A similar interference with our cables by the contractors' employees at Times Square a few weeks later resulted in the burning of more insulating material but fortunately this was in the very early morning before any considerable movement of traffic had commenced and no passengers were involved.

Arrangements were subsequently made by which the work was done by our organization for the contractor and no further unusual occurrence resulted.

The management instituted a most exhaustive examination into the circumstances surrounding these short circuits (calling to its aid the foremost electrical experts in this country) with the result that it is warranted in the statement that there was nothing which the Company did or omitted, which was in any way a cause of the electrical disturbances.

In co-operation with the Public Service Commission, the management has considered ways and means to improve conditions in the improbable event of a similar occurrence and many changes are being made in respect to:

1. Installing a separate telephone system with telephones at frequent intervals throughout the Subway.
2. Arranging an emergency power connection to the lighting system, so that in case of failure of the regular source of supply another will automatically supply power.
3. Installing connections for an independent power supply to operate the ventilating fans in case of emergency.
4. Installing special type distant control circuit breakers on power cables and special type of relays on lead sheaths of same, to guard against currents flowing through the lead sheaths of the cables.
5. Constructing ventilating outlets for existing subway manholes.
6. Installing additional ladders and stairways to the street through the existing ventilating chambers, to be used as emergency passenger exits.

### **The 116th Street Elevated Collision**

On December 9, 1914, a north-bound local train ran into the rear end of a north-bound express train standing at the platform of the 116th Street station of the Ninth Avenue Elevated Line. The rear-guard on the express train and a passenger in the front car of the local train were killed. Several other passengers received minor injuries. The derailment of the trucks of the colliding cars caused a short circuit with the third rail resulting in the destruction of portions of the two cars.

The collision was due to the concurring disregard and disobedience of rules and orders on the part of the motorman and conductor of the local train. Shortly after leaving South Ferry they discovered that there was trouble with the circuit breakers on the leading motors. The motorman then proceeded to operate the train from the motorman's cab in the front of the fourth car and the conductor instead of taking his place, as required by his instructions, on the front end of the first car, undertook to remain at the rear end of the first car and to give hand signals to the motorman from that point. These men failed to call for a man to take the conductor's place between the first and second cars although such a man could have been obtained at every station on the way. Although it was getting dark and stormy they failed to procure a lantern to signal by although lanterns were provided for the purpose at every station. They failed to report their situation to their superiors although a telephone was provided in every station and every station agent was in his place. When the conductor saw the red lights of the express train at the station, he failed to pull the emergency air brakes at his hand which would have stopped the train automatically. These men were old in the service and experienced and had been through the school of instruction regularly each year for several years.

### **Manhattan Elevated Improvements**

Exceptionally rapid progress has been made in the construction of the Manhattan Elevated third tracks and extensions. This work has been expedited for the purpose of making the additional facilities available to the public as early as possible. Practically 80% of the construction work has been completed on the Second and Third Avenue Lines and 60% on the Ninth Avenue Line, and the power and equipment requirements are equally well advanced.

While the Third and Ninth Avenue Lines have for several years had an express service which provided quicker transit between terminals than the local service afforded, it added very little to the capacity of the road, express trains being confined to certain intermediate sections and to the use of the local tracks beyond these limits. The additional facilities which will now shortly be available will almost double the present carrying capacity of the Elevated roads.

The third tracks will enable the Company to provide a complete, frequent and fast express service between the extreme northern and southern terminals of the Second, Third and Ninth Avenue Elevated Lines. The former grade crossings at Chatham Square and the

Bowery, and at 53d Street and Ninth Avenue will be eliminated and the extension of the Second Avenue Line to City Hall will give two southern terminals to that Line similar to those now enjoyed by the Third Avenue Line.

The extension of the Ninth Avenue Line will permit the use of the Jerome Avenue Subway by Manhattan Railway Division trains. The Third Avenue Extension will bring into the Elevated system a portion of the White Plains Road Subway, and the Second Avenue Line via Queensboro Bridge will make the Corona and Astoria Subway Lines immediately available. All of these Subway branches which are now nearly completed are elevated structures and will be operated in conjunction with the Manhattan Elevated Lines as well as with the Subway Lines.

Express stations have been located at the following intermediate points on all of the lines where transfers may be had to local trains, thus securing the benefit of the express service throughout the entire system :

**Ninth Avenue Line:** Cortlandt, Warren, Desbrosses, Christopher, 14th, 34th, 66th, 116th, 125th, 145th and 155th Streets.

**Third Avenue Line:** City Hall, Chatham Square, Canal, Grand, Houston, 9th, 23rd, 42nd, 106th, 125th, 133rd, 138th, 143rd, 149th Streets, Tremont Avenue and Fordham Road.

**Second Avenue Line;** City Hall, Chatham Square, 14th, 42nd, 86th and 125th Streets.

### **Manhattan Easements Litigation**

The policy of endeavoring to avoid litigation in the acquisition of the easements of light, air and access of the owners of abutting property affected by the new elevated construction has been continued. The rates of compensation offered by the Company, after careful calculation, have been adhered to uniformly, and the Company's methods have created an increasingly favorable impression among property owners interested, the courts and the general public, of which there are many evidences. Settlements in this manner have been made for over fifty-five per cent of the total frontage to be affected by these structural changes, while actions have been commenced against the Company in behalf of the owners of only about twenty-eight per cent of such frontage. Almost all of these actions have been brought by one firm of attorneys who obtained retainers

by solicitation four or five years ago. The Company is instituting condemnation proceedings against the properties thus in litigation, meanwhile proceeding with its efforts towards amicable adjustment.

### **New Subway Construction**

The work of constructing the new Subways to be operated by the Interborough Rapid Transit Company while not so far advanced as the Elevated improvements is nevertheless making good progress.

The Seventh Avenue Subway, from a connection with the present Subway at Times Square, to Chambers Street and West Broadway is 50% completed.

The two-track extension from Chambers Street via Greenwich Street to South Ferry is 25% completed.

The Park Place, William and Clark Street Subway from Chambers Street to a connection with the present Subway at Borough Hall, Brooklyn, is 10% completed.

The Eastern Parkway line, Brooklyn, from the Atlantic Avenue terminus of the present Subway to Prospect Park is 25% completed. Beyond this point practically no work has been done on the extensions in Brooklyn, although all of the lines are under contract, except the two-track extension from Eastern Parkway and Buffalo Avenue, via Livonia Avenue to New Lots Road.

The Lexington Avenue Subway, from a connection with the present Subway at Park Avenue and 41st Street to Lexington Avenue and 53rd Street is 25% completed.

From 53rd Street and Lexington Avenue to 138th Street and Mott Avenue in the Bronx it is 95% completed.

The western branch from 138th Street to 157th Street and Jerome Avenue is 95% completed.

The Jerome Avenue Extension from 157th Street to 182nd Street is 80% completed.

The portion from 182nd Street to Woodlawn is 65% completed.

The Southern Boulevard and Westchester Avenue Extension from Mott Avenue to Bancroft Street is 60% completed. The remaining portion of this line from Bancroft Street via Westchester Avenue to the terminus in Pelham Bay Park, (which is an elevated structure) has not yet been placed under contract.

The White Plains Road Extension from a connection with the present Subway at 179th Street and Boston Road to East 241st Street is 70% completed.

The Queensboro Subway from Grand Central Station near East 42nd Street and Lexington Avenue, to Jackson Avenue, Long Island City, is completed. From that point to the Queensboro Bridge Plaza it is 70% completed.

The Corona Elevated line from Queensboro Bridge Plaza to Vandam Street is 50% completed, and from Vandam Street, via Queens Boulevard and Roosevelt Avenue to Sycamore Street, 95% completed.

The Astoria Elevated Line from Queensboro Bridge Plaza, via Second Avenue to Ditmars Avenue is completed.

The Elevated Railway portions of the Subways on the Astoria and Corona Lines in Queens and the White Plains Road and Jerome Avenue Lines in the Bronx will be available for use in connection with the present Elevated and Subway systems in advance of the completion of the Subway portions of these lines. This will encourage the growth of the outlying districts served by these branches and secure to the new Subways and Elevated Lines a permanent traffic which would be difficult to create under less promising conditions.

Under contract No. 3 of March 19, 1913, the lease of the new subways is to begin whenever the main trunk lines and the tunnels under the river shall be actually ready for operation. If before that time any portions of the new subways shall be declared ready for operation and we are called upon to equip and operate same we will be able to do so under the Contract on a basis which will insure the Company against loss.

### **Workmen's Compensation**

The Workmen's Compensation Law, as anticipated in last year's report, has substantially increased the cost of injuries to employees. Every employee is now entitled to compensation for injuries incapacitating him more than two weeks and to medical attention in every case. The amounts allowed in this State are the most liberal in the world. To the credit of our employees it should be said that they have shown no disposition to prolong their disabilities so that they might receive part wages while idle. There was danger that unscrupulous doctors might seek to delay a return to work so as to profit by greater fees. There has been very little malingering so far but on the contrary hearty co-operation with our medical staff

in their efforts to help injured employees to get back to their jobs as quickly as consistent with their welfare. Very few injuries have necessitated more than two weeks absence from work.

A competent and efficient medical staff was organized and in readiness when the law went into effect on July 1, 1914, to furnish every possible attention promptly to injured employees. Every effort has been made to prevent minor injuries becoming serious through neglect or improper treatment. The very best hospital and other facilities have been provided in all cases. While this has been expensive it is believed that it has been appreciated by our employees and that in the long run it will be found to have been justified.

The law has not been in operation long enough to form a basis upon which to calculate with exactness its annual burden upon the revenues but it is apparent that our course in assuming as self-insurers the responsibility imposed by the law was wiser than to insure either in the State Insurance Fund or with insurance companies. It is believed that our relations with our employees have been more satisfactory than they would have been had the matter of their disabilities been turned over to outside agencies.

### Welfare Work

Considerable space was devoted in last years' report to a description of the efforts which your management is making to promote the welfare of its employees. That these efforts are appreciated is shown by the reduction in the number of men leaving the service over a given period. This reduction is best illustrated by the following comparison for the six months ended June 30, 1912, with the same period for 1914:

	June 30, 1912	June 30, 1914
Number of employees leaving service.....	35%	19.3%
Number of Motormen leaving service.....	16%	1.1%
Number of Conductors leaving service.....	4%	2.9%
Number of Guards leaving service.....	17.2%	5.4%

Your Company has had under consideration for some time a plan whereby the hours of ticket agents, gatemen, porters and platform men on the Subway and Elevated Divisions could be reduced to ten hours per day without disarranging the present satisfactory schedule of service. Following a thorough investigation, a way has been found for placing all of the above service classifications on a ten hour per day basis so that approximately 80% of the men will have straight ten hour shifts. This classification was adopted effective July 1, 1915.

## General Remarks

The Gross Earnings of your Company for the fiscal year ended June 30, 1915, were substantially the same as last year. That there was no appreciable falling off at a time when practically all other transportation lines have been showing marked decreases is most gratifying.

It is interesting to note in this connection that this year witnessed the first interruption in the annually recurring increases in the Gross Earnings of your Company since the opening of the Subway for operation. This is due to the general business depression of the country. The 1915 earnings cannot therefore be used as a basis for estimating the earning power of your Company without taking into consideration the following cumulative increases of previous years showing the phenomenal growth of the Company's operations.

The Gross Earnings and passengers carried, together with the increases for each year since 1908 were as follows:

Fiscal Year	Gross Operating Earnings	Annual Increase	Number Passengers Carried	Annual Increase
1908	\$24,699,505	\$1,796,925	483,285,640	33,997,756
1909	26,524,394	1,824,889	514,680,342	31,394,702
1910	28,937,648	2,463,254	562,788,395	48,108,053
1911	29,767,352	779,704	578,154,088	15,365,693
1912	31,246,392	1,479,040	607,244,697	29,090,609
1913	32,497,871	1,251,479	634,316,516	27,071,819
1914	33,515,395	1,017,524	651,886,671	17,570,155
1915	33,433,742	81,653*	647,378,266	4,508,405*

\*Decrease.

During the eight-year period the Gross Earnings have increased from \$24,699,505 in 1908 to \$33,433,742 in 1915, or \$8,734,237 equal to 35.36 per cent.

Net Operating Revenue has increased from \$13,976,810 in 1908 to \$20,492,428 in 1915, or \$6,515,618 equal to 46.62 per cent.

Net Corporate Income has increased from \$3,700,659 in 1908 to \$8,068,484 in 1915 or \$4,367,825 equal to 118 per cent.

For the year 1908 the ratio of Net Corporate Income to Gross Earnings was 14.99%. For the year 1915 it was 24.13%, a gain of 9.14%. Expressed in terms of dollars and cents this means that in 1908 out of each \$100 of Gross Earnings \$14.99 was saved for Net Corporate Income, while in 1915 out of each \$100 of Gross Earnings \$24.13 was saved for Net Corporate Income.

The foregoing gives a fair basis for measuring the largely increased net earning power of your property; and that this most satisfactory result has not in any degree been attained at the expense of "up-keep" of the property and rolling stock is evidenced by the following table reflecting the amount of money appropriated for this purpose out of each \$100 of Gross Earnings for each fiscal year since 1908.

1908.....	\$12.75	1912.....	\$14.27
1909.....	11.56	1913.....	13.85
1910.....	11.00	1914.....	12.03
1911.....	13.92	1915.....	12.29

The large appropriation for Maintenance for the years 1911, 1912, and 1913, is due to the fact that during this period \$1,005,050, was absorbed in the Operating Expenses of the Subway Division, for the installation of electro pneumatic brakes, new draw bars, coasting recorders, and for re-inforcing copper sheathed cars, and \$286,000 was spent on the Elevated Lines for installing line switches, conductors, emergency valves and coasting recorders.

In addition to taking care of these extraordinary expenditures in Maintenance Expense, there has been set up as a "Reserve for Depreciation" out of Operating Expenses, since 1909, \$2,292,637.17.

During this period of eight years the cost of production, as measured by the ratio of Transportation Expense to Gross Earnings has been reduced as follows:

1908.....	25.89%	1912.....	23.50%
1909.....	24.43%	1913.....	22.80%
1910.....	23.24%	1914.....	22.46%
1911.....	23.89%	1915.....	22.79%

The reduction in relative cost of operation, as above indicated, has been accomplished notwithstanding that during this period the rate of pay of practically all employees was substantially increased, while the cost of material has also shown a general upward trend. This improvement is due to improved train service and the economies which have resulted from the installation of improved machinery and certain improvements made in the physical property making possible the operation of ten-car trains.

The ratio of Fixed Charges (including Taxes) to Gross Earnings has been reduced from 43.95% in 1908 to 39.02% in 1915, as follows:

1908.....	43.95%	1912.....	41.54%
1909.....	44.57%	1913.....	40.58%
1910.....	42.45%	1914.....	39.39%
1911.....	42.32%	1915.....	39.02%

This reduction in relative Fixed Charges is, in a large measure, due to the increasing density of traffic with its resultant increased earnings per train and car mile; but when such reduction is considered in conjunction with the marked reduction in cost of production, as measured by Transportation Expenses, it illustrates that such additional Capital expenditures as have been made for improving the property and equipment have contributed their full quota of economies to the general result.

A table giving a complete analysis of the operations of the Company since 1905 will be found opposite page 40.

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The Management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,  
President.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1915 AND 1914

YEAR ENDED JUNE 30	1915			1914			Increase Decrease*
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$15,099,362.71	\$17,265,943.61	\$32,365,306.32	\$15,594,075.01	\$17,003,496.27	\$32,597,571.28	\$*232,264.96
Other Street Railway Operating Revenue.....	490,585.21	577,851.28	1,068,436.49	360,762.70	557,061.71	917,824.41	150,612.08
Gross Operating Revenue....	\$15,589,947.92	\$17,843,794.89	\$33,433,742.81	\$15,954,837.71	\$17,560,557.98	\$33,515,395.69	\$*81,652.88
Operating Expenses:							
Maintenance of Way and Structures.....	\$913,394.61	\$825,436.35	\$1,738,830.96	\$906,063.65	\$800,633.36	\$1,706,697.01	\$32,133.95
Maintenance of Equipment.....	1,098,820.58	1,271,609.35	2,370,429.93	1,090,001.34	1,234,309.78	2,324,311.12	46,118.81
Traffic.....	74.34	70.83	145.17	102.39	35.75	138.14	7.03
Transportation Expenses. ....	4,176,674.86	3,439,282.14	7,615,957.00	4,142,751.38	3,384,063.36	7,526,814.74	89,142.26
General Expenses.....	549,279.71	666,671.45	1,215,951.16	591,316.86	752,775.49	1,344,092.35	*128,141.19
Total Operating Expenses....	\$6,738,244.10	\$6,203,070.12	\$12,941,314.22	\$6,730,235.62	\$6,171,817.74	\$12,902,053.36	\$39,260.86
Net Operating Revenue .....	\$8,851,703.82	\$11,640,724.77	\$20,492,428.59	\$9,224,602.09	\$11,388,740.24	\$20,613,342.33	\$*120,913.74
Taxes .....	1,691,608.23	442,371.86	2,133,980.09	1,695,759.93	386,188.50	2,081,948.43	52,031.66
Income from Operation.....	\$7,160,095.59	\$11,198,352.91	\$18,358,448.50	\$7,528,842.16	\$11,002,551.74	\$18,531,393.90	\$*172,945.40
Non-Operating Income.....	139,126.76	484,504.49	623,631.25	59,713.47	553,139.08	612,852.55	10,778.70
Gross Income.....	\$7,299,222.35	\$11,682,857.40	\$18,982,079.75	\$7,588,555.63	\$11,555,690.82	\$19,144,246.45	\$*162,166.70
Interest and Sinking Fund on City Bonds.....							
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....		\$2,360,066.03	\$2,360,066.03		\$2,361,064.88	\$2,361,064.88	\$*998.85
Interest on Interborough Rapid Transit Co. 1st Mortgage 5% 45-Year Gold Bonds.....		2,632,572.97	2,632,572.97		2,238,232.77	2,238,232.77	394,340.20
Sinking Fund on Interborough Rapid Transit Co. 1st Mortgage 5% 45-Year Gold Bonds .....					482,650.00	482,650.00	*482,650.00
					113,196.66	113,196.66	*113,196.66

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00	\$1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds..	50,000.00	50,000.00	50,000.00	50,000.00
Manhattan Railway Rental (Organization).....	35,000.00	35,000.00	35,000.00	35,000.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense.....			\$3,565.37	3,565.37
Interest on Unfunded Debt .....			37,500.00	37,500.00
Other Rent Deductions.....	6,576.56	799.92	7,376.48	7,376.51
Total Income Deductions.....	\$5,882,656.56	\$5,030,938.92	\$5,882,656.56	\$5,237,009.63
Net Corporate Income.....	\$1,416,565.79	\$10,913,595.48	\$1,705,899.07	\$6,318,681.19
Dividends on Interborough Rapid Transit Co. Stock (10%-10% extra for 1915, 5% extra for 1914)				\$8,024,580.26
Surplus.....		7,000,000.00		5,250,000.00
		\$1,068,484.27		\$2,774,580.26
Per Cent. Expenses to Earnings Excluding Taxes.....	43.22	34.76	42.18	38.49
Including Taxes .....	54.07	37.24	52.81	44.71
Passengers Carried.....	301,792,517	345,585,749	311,473,568	651,886,671
Daily Average Passengers Carried	826,829	946,810	853,352	1,785,991

\$\*3,565.37

\*.03

\$\*206,070.71

\$43,904.01

1,750,000.00

\$\*1,706,095.99

0.22

0.38

\*4,508,405

\*12,352

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1915.

## ASSETS

FIXED CAPITAL .....	\$90,467,611.27
INVESTMENTS .....	24,512,529.58
ADVANCES TO ASSOCIATED COMPANIES.....	2,398,306.73
CURRENT ASSETS .....	18,010,592.21
Cash .....	\$3,844,967.44
Cash advanced from General Fund for Manhattan	
Third Tracking, (See Contra.).....	1,600,000.00
Accounts Receivable .....	6,096,343.48
Bills Receivable .....	6,120.00
Interest and Dividends Receivable.....	263,530.38
Material and Supplies .....	1,634,878.10
Special Deposits:	
To meet Coupons due not presented.....	27,271.56
To meet Uncollected Dividends on Manhattan	
Railway Company Capital Stock.....	131.25
To meet Dividend due July 1st, 1915, on Manhat-	
tan Railway Company Capital Stock.....	1,050,000.00
To meet Dividend due July 1st, 1915, on Inter-	
borough Rapid Transit Company Capital Stock	875,000.00
To meet Interest due July 1st, 1915 on First and	
Refunding Mortgage 5% Gold Bonds.....	2,591,450.00
Cash Deposit with State Industrial Commission	20,900.00
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	22,272,649.92
Subway Contribution Cash.....	\$20,055,594.43
Manhattan Third Tracking Cash .....	86,240.37
Elevated Extension Cash .....	2,085,822.71
Manhattan Power House Cash .....	44,992.41
PREPAYMENTS .....	1,036,711.72
Insurance .....	\$212,777.17
Taxes .....	813,739.40
Rents .....	10,195.15
ITEMS AWAITING DISTRIBUTION.....	467,758.83
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND..	68,644.01
DEFERRED CHARGES .....	7,867,389.41
Unamortized Debt Discount and Expense	
TOTAL .....	<u>\$167,102,193.68</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1915

## LIABILITIES

CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT .....	103,658,000.00
First and Refunding Mortgage 5% Gold Bonds.	
MANHATTAN RAILWAY COMPANY, LEASE ACCOUNT .....	377,322.73
CURRENT LIABILITIES .....	9,903,488.02
Interest and Rentals Accrued, not due.....	\$1,300,711.16
Coupons due, not presented .....	27,271.56
Dividends April 1st, 1909 to April 1st, 1915, inclusive, on Manhattan Railway Company Capital Stock, unpaid .....	131.25
Dividends due July 1st, 1915 on Manhattan Railway Company Capital Stock .....	1,050,000.00
Dividends due July 1st, 1915 on Interborough Rapid Transit Company Capital Stock .....	875,000.00
Interest due July 1st, 1915 on First and Refunding Mortgage 5% Gold Bonds.....	2,591,450.00
Due for Wages .....	284,695.18
Accounts Payable .....	1,485,173.68
Taxes Accrued .....	689,055.19
Third Tracking Cash Liability for advances from General Fund (See Contra.) .....	1,600,000.00
RESERVES .....	2,411,391.75
Accrued Amortization of Capital.....	\$2,292,637.17
Manhattan Railway Equipment Reserve.....	102,154.08
Interest on Investment of Depreciation Reserve....	16,600.50
ITEMS AWAITING DISTRIBUTION .....	242,882.60
PROFIT AND LOSS SURPLUS.....	15,509,108.58
<hr/>	
TOTAL .....	<u>\$167,102,193.68</u>

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1915 AND 1914

Description	1915	1914	Increase Decrease*
Interest and Sinking Fund on City Bonds .....	\$2,360,066.03	\$2,361,064.88	* \$998.85
Interest on First Mortgage 5% 45-Year Gold Bonds.....		482,650.00	* 482,650.00 (1)
Sinking Fund on First Mortgage 5% 45-Year Gold Bonds.....		113,196.66	* 113,196.66 (1)
Interest on First and Refunding Mortgage 5% Gold Bonds.....	2,632,572.97	2,238,232.77	394,340.20 (2)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds..	1,591,080.00	1,591,080.00	
Interest on New York Elevated Railroad 5% Debenture Bonds.....	50,000.00	50,000.00	
Manhattan Railway Rental, (Organization) .....	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....		3,565.37	* 3,565.37 (1)
Interest on Unfunded Debt.....	37,500.00	37,500.00	
Other Rent Deductions.....	7,376.48	7,376.51	* .03
Total Income Deductions.....	\$10,913,595.48	\$11,119,666.19	*\$206,070.71

### NOTES

(1) Due to calling for redemption on November 1, 1913, the outstanding First Mortgage 5% 45-Year Gold Bonds from which date all interest, sinking fund and amortization charges thereon ceased.

(2) Due to the fact that all the First and Refunding Mortgage 5% Gold Bonds issued to provide funds for the retirement on November 1st, 1913, all the First Mortgage 5% 45-Year Gold Bonds called on that date, were outstanding during the entire year of 1915, whereas they were outstanding for about three-quarters of the year 1914.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30, 1915**

**CHARGEABLE TO CAPITAL ACCOUNT**

**A—On Existing Lines—Manhattan Railway Division**

Land Damages and Legal Expenses in connection therewith.	
Completing Stations at 38th Street and Sixth Avenue.	
Completing Stations at 86th Street and Columbus Avenue.	
Completing Stations at 99th Street and Columbus Avenue.	
2 Additional 4,000 Kw. Rotaries installed in Substation No. 4.	
Reinforcing Structure a/c of Electrical Equipment.	
Making a charge to the Manhattan Railway Company Construction Account of.....	\$222,562.44

**Subway Division**

Additional Speed Control Signals on Lenox Avenue and Broadway Lines.	
Additional Movable Platforms at 14th Street Station.	
Equipping cars with Guide Boards in Connection with Movable Station Platforms.	
Preliminary Expenditures in connection with 478 steel car bodies to replace composite car bodies.	
Four Ball Engines with Worthington Pumps, installed in 59th Street Power Station.	
Making a charge to Interborough Rapid Transit Company, Fixed Capital Account of..	\$127,178.58
There was, however, credited to this account during the year, the cost of Capital Retired from service, amounting to.....	131,833.04
Resulting in a net credit to Interborough Rapid Transit Company Fixed Capital Account of.....	4,654.46

**B—New Subways, Elevated Improvements and Extensions**

**CONTRACT NO. 3**

Construction .....	\$12,691,140.34	
Equipment .....	707,097.05	\$13,398,237.39

**MANHATTAN THIRD TRACKING**

Plant and Structure.....	\$8,904,902.87	
Equipment .....	40,173.46	8,945,076.33

**ELEVATED EXTENSIONS**

Plant and Structure.....	\$131,514.40	
Equipment .....	75,041.61	206,556.01

MANHATTAN POWER PLANT IMPROVEMENTS.	1,506,251.12	24,056,120.85
TOTAL .....		\$24,274,028.83

## COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE

### 5% BONDS, DATED JANUARY 1, 1913:

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected, situate in the City of New York, constituting the main power house and electric substations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1, and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid contract No. 1, dated February 21, 1900, between John B. McDonald and the City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however,* to any and all rights of the City of New York created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and the City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however,* to any and all rights of the City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between the City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto;

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorization or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate, The Webster Avenue Line, 8th Avenue

& 162nd Street Connection, The Queensboro Bridge Line, and the West Farms Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company dated March 20, 1913, whether held by the Company or deposited for its account in any depositary, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgage by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough certificate, or the said Manhattan certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

# EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1915

## MANHATTAN RAILWAY DIVISION

PASSENGER CARS:	1915	1914	
Motor, closed .....	1024	1029	— 5
Trailer, closed .....	715	715	
Trailer, open .....	36	36	
Total .....	1775	1780	— 5
SERVICE CARS:			
Pay, motor, closed .....	1	1	
Instruction, motor, closed .....	1	1	
Flat, motor .....	2	2	
Pay, trailer, closed .....	1	1	
Supply, trailer, closed .....	16	16	
Tool, trailer, closed .....	1	1	
Ticket, trailer, closed .....	2	2	
Flat, trailer .....	29	31	— 2
Hopper, trailer .....	5	5	
Derrick, trailer .....	3	1	+ 2
Total .....	61	61	
Total, Manhattan Railway Division .....	1836	1841	— 5

## SUBWAY DIVISION

PASSENGER CARS:	1915	1914	
Composite, motor, closed .....	123	124	— 1
Steel, motor, closed .....	677	666	+11
Composite, trailer, closed .....	352	353	— 1
Total .....	1152	1143	+ 9
SERVICE CARS:			
Pay, motor, closed .....	1	1	
Instruction, motor, closed .....	1	1	
Test, motor, closed .....	1	1	
Observation, motor, closed .....	1	1	
Flat, steel, motor .....	7	7	
Pay, trailer, closed .....	1	1	
Emergency, pump, trailer .....	1	1	
Flat, wooden, trailer .....	18	18	
Flat, steel, trailer .....	14	15	— 1
Hopper, steel, trailer .....	1	0	+ 1
Dump, steel, trailer .....	10	0	+10
Total .....	56	46	+10
Total, Subway Division .....	1208	1189	+19
Total Cars of all description .....	3044	3030	+14

—Decrease. +Increase. 5 cars destroyed. 2 flat trailer cars converted to derrick cars. 3 passenger cars destroyed, 12 purchased. 1 trailer wooden flat destroyed, 1 purchased. 1 trailer steel flat converted to hopper car. 10 trailer steel dump cars purchased.



# CONDENSED STATEMENT OF OPERATING RESULTS OF THE INTERBOROUGH RAPID TRANSIT COMPANY

FISCAL YEAR	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
<b>INCOME</b>																						
Revenue from Transportation.....	\$32,365,306.32	96.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue.....	1,068,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,558.37	2.80	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.01	2.18
Total.....	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
<b>OUTGO</b>																						
Maintenance of Way and Structure—Actual....	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,641.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual.....	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance.....	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structure—Depreciation.....	\$192,881.05	.57	\$51,554.66	.15	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	453,142.60	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation.....	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$380,651.59	1.28	\$181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation.....	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses.....	145.17	.....	138.14	.....	452.03	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Expenses.....	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accident and Damages.....	386,244.07	1.54	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	202,534.67	.88	272,983.26	1.36	131,595.30	.77
General Expenses.....	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,993.47	3.56	659,842.51	3.28	529,439.44	3.08
Total Operating Expenses.....	12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net operating Revenue.....	20,492,428.59	61.29	20,613,342.33	61.50	19,237,127.58	59.20	18,198,590.46	58.20	17,398,370.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.59	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non-Operating Income.....	623,631.25	1.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
Total.....	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.94	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
<b>DEDUCTIONS</b>																						
Taxes.....	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.66	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,963.37	6.02	\$1,390,560.13	6.91	\$1,203,734.52	7.00
Interest on Bonds (Rental).....	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,224.19	15.72	3,220,156.19	16.01	2,433,370.61	14.14
Manhattan Dividends (Rental).....	4,200,000.00	12.57	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.40	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,000.00	17.97	3,864,000.00	19.20	3,864,000.00	22.46
Manhattan Cash Rental.....	35,000.00	.10	35,000.00	.11	17,500.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.05	10,000.00	.05	10,000.00	.06
Interest on Notes and 5% Bonds.....	2,632,572.97	7.87	2,720,882.77	8.12	1,854,647.92	5.71	1,617,033.74	5.18	1,812,913.34	6.09	2,065,621.65	7.12	1,999,231.67	7.54	1,250,000.00	5.06	766,666.67	3.35	356,666.67	1.77	.....	.....
Sinking Fund 5% Bonds.....	.....	.....	113,196.66	.34	336,290.84	1.04	329,692.50	1.06	300,000.00	1.01	200,000.00	.69	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Amortization.....	.....	.....	3,565.37	.01	31,758.12	.10	97,086.74	.31	31,269.98	.10	12,929.64	.04	12,212.89	.05	7,984.67	.03	.....	.....	.....	.....	.....	.....
Interest on Unfunded Debt.....	37,500.00	.11	37,500.00	.11	643,333.34	1.98	786,180.54	2.52	416,292.94	1.40	233,005.61	.80	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Rental Deductions.....	7,376.48	.02	7,376.51	.02	6,576.56	.02	6,576.56	.02	6,909.90	.02	9,119.37	.03	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Deductions.....	\$13,047,575.57	39.02	\$13,201,614.62	39.39	\$13,187,549.73	40.58	\$12,980,024.33	41.54	\$12,598,249.07	42.32	\$12,303,382.22	42.45	\$11,822,769.85	44.57	\$10,856,115.93	43.95	\$9,869,860.23	43.10	\$8,841,382.99	43.94	\$7,511,105.13	43.60
Net Corporate Income.....	8,068,484.27	24.13	8,024,580.26	23.94	6,537,068.14	20.12	6,523,766.42	20.88	5,140,036.76	17.27	6,082,147.04	20.98	4,589,823.12	17.31	3,700,659.36	14.99	3,716,441.70	16.22	3,168,890.70	15.75	2,419,921.28	14.07

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1915

### FINANCIAL STATEMENT

Receipts to June 30, 1914, inclusive..... \$584,584.12

#### *Receipts for year ended June 30, 1915*

Contributions from members .....	\$84,447.97	
Interest on investments and bank balances.....	2,774.53	87,222.50
		\$671,806.62
Received from the Company in advance of collection of contributions....		1,227.86
Total Receipts.....		\$673,034.48
Disbursements to June 30, 1914, inclusive.....	\$522,090.03	

#### *Disbursements for year ended June 30, 1915*

Accident Benefits Paid.....	\$1,778.25	
Sickness Benefits Paid .....	41,840.75	
Death Benefits Paid. ....	35,147.25	
Contributions Refunded .....	338.22	82,104.47
Total Payments.....		\$604,191.50

#### *Investments*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost .....	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4¼ % Bonds due 1960, at cost .....		15,255.41
\$10,000 Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds, due 1966, at cost .....	\$9,801.25	
Accrued Interest.....	195.97	9,997.22 \$68,839.98

### MEMBERSHIP STATEMENT

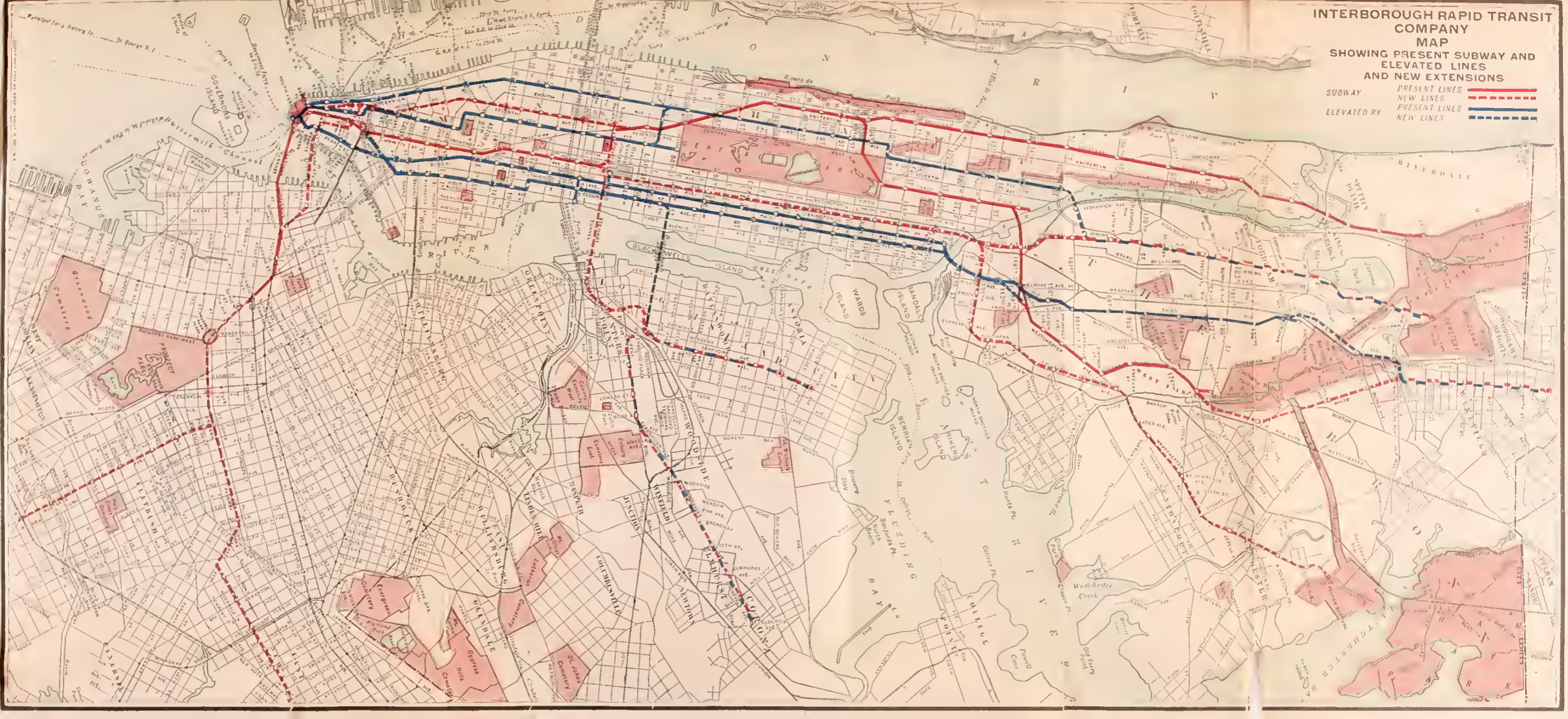
Membership June 30, 1914.....	6314
Employees admitted to membership during year ended June 30, 1915.....	1202
Loss account of resignations, dismissals, deaths, etc. ...	990
Net gain during the year .....	212
Total membership June 30, 1915..	6526

During the year the Medical Examiners have made 6215 calls on disabled members.

INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
AND NEW EXTENSIONS

SUBWAY  
ELEVATED BY

PRESENT LINES  
NEW LINES  
PRESENT LINES  
NEW LINES





1915-1916

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1916

PRINT  
JOHN WARD & SON  
NEW YORK



## In Memoriam.

It is with deep grief that we announce the death during the past year of two of your Directors:

---

ANDREW FREEDMAN  
EDWARD R. BACON

---

The Board of Directors of the Interborough Rapid Transit Company at a meeting held on Tuesday, December 7th, 1915, unanimously adopted the following resolutions in memory of Andrew Freedman, one of the incorporators of the Company and a Director from its inception, as well as a member of the Executive Committee since May 18th, 1904, who died at his residence, No. 524 Fifth Avenue, New York, on Saturday, December 4th, 1915:

RESOLVED: That the Directors of the Interborough Rapid Transit Company express their profound grief over the death of their associate, Andrew Freedman, and tender to his family assurances of sincere sympathy in their affliction, and

FURTHER RESOLVED: That this Board records its great appreciation of the valuable services rendered to the Company and to the community by Mr. Freedman and adds its testimony of his high character.

Possessed of unusual foresight, he was prompt to recognize the possibilities of underground rapid transit as a solution of New York City's transportation problem. In pursuance of this object he associated with himself John B. McDonald, the successful contractor for the present subway, and together they succeeded in interesting capital for carrying this tremendous project to a successful conclusion. He became one of the incorporators and a Director of the Rapid Transit Subway Construction Company in 1900, and when the Interborough Rapid Transit Company was formed in 1902 to operate the property he also became one of its incorporators and a Director of that Company.

His activities and wide experience were of inestimable value to these Companies and contributed in a large measure to the success of the enterprise.

In his death his associates have suffered an irreparable loss, and his genial disposition and uniform courtesy will be held in loving memory by his friends and colleagues.

At the same meeting the following tribute to the memory of Edward R. Bacon, a Director of the Interborough Rapid Transit Company since September 24th, 1913, who died at the Johns Hopkins Hospital, Baltimore, Maryland, on December 2nd, 1915, following an operation for appendicitis, was unanimously adopted:

RESOLVED: That the Directors of this Company learn with deep grief of the loss of their revered associate, Edward R. Bacon, a man of sterling character, whose advice and suggestions were of great assistance to the Company, and whose uniform courtesy will be held in loving remembrance by his colleagues.

# Interborough Rapid Transit Company

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## DIRECTORS

### TERMS EXPIRE 1916

THOMAS COCHRAN.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
A. D. JUILLIARD.....	New York
DANIEL G. REID.....	New York
GUY E. TRIPP.....	New York

### TERMS EXPIRE 1917

H. M. FISHER.....	Plainfield, N. J.
A. J. HEMPHILL.....	New York
CHARLES B. LUDLOW.....	New York
THEODORE P. SHONTS.....	New York
E. E. STARBARD.....	New York

### TERMS EXPIRE 1918

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
W. LEON PEPPERMAN.....	New York
F. DE C. SULLIVAN.....	New York
CORNELIUS VANDERBILT.....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
THEODORE P. SHONTS.....	New York
CORNELIUS VANDERBILT.....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board—	AUGUST BELMONT, 43 Exchange Pl., N. Y. City
President and Chairman Executive Committee,	THEODORE P. SHONTS
Assistant to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President.....	D. W. ROSS
Secretary.....	H. M. FISHER
Treasurer.....	J. H. CAMPBELL
General Counsel.....	RICHARD REID ROGERS
General Attorney.....	JAS. L. QUACKENBUSH
Auditor.....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE  
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.  
Annual Stockholders' Meeting, Fourth Wednesday in September.

### MILEAGE JUNE 30, 1916

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings Etc.	Total Single Track
Queensboro Subway.	1.61	.42	1.19	....	....	....	.06	2.86
Subway .....	25.72	.63	10.41	7.18	7.50	....	12.30	85.29
Manhattan .....	37.67	....	7.28	27.93	2.30	0.16	21.29	129.64
	65.00	1.05	18.88	35.11	9.80	0.16	33.65	217.79

0.14 mile of two-track tunnel opened in Queensboro Subway, from Van Alst Avenue to Hunter's Point Avenue.

11.64 miles of single track was added during the year on the Manhattan Railway Division, being composed of express tracks opened for operation on January 17, 1916.

# ANNUAL REPORT

## OF THE

# Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1916.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1916.

The comparative income account for the years ended June 30, 1916, and 1915, is:

### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1916	1915	Increase Decrease*
Gross Operating Revenue.....	\$35,891,528.29	\$33,433,742.81	\$2,457,785.48
Operating Expenses .....	14,008,165.97	12,941,314.22	1,066,851.75
Net Operating Revenue.....	\$21,883,362.32	\$20,492,428.59	\$1,390,933.73
Taxes .....	2,341,606.64	2,133,980.09	207,626.55
Income from Operation.....	\$19,541,755.68	\$18,358,448.50	\$1,183,307.18
Non-Operating Income .....	580,830.88	623,631.25	*42,800.37
Gross Income .....	\$20,122,586.56	\$18,982,079.75	\$1,140,506.81
Income Deductions .....	11,409,259.57	10,913,595.48	495,664.09
Net Corporate Income for the Year.	\$8,713,326.99	\$8,068,484.27	\$644,842.72
Add Queensboro Subway.....	178,687.67	5,662.93	173,024.74
	\$8,892,014.66	\$8,074,147.20	\$817,867.46
Add:			
Surplus, June 30, 1915, and June 30, 1914..	15,509,108.58	15,214,403.12	294,705.46
Tax Refunds and Other Credits.....	258,740.72	11,813.97	246,926.75
Totals .....	\$24,659,863.96	\$23,300,364.29	\$1,359,499.67
Appropriated for:			
Taxes Prior Years, Amortization, Capital			
Retirements and Other Charges.....	\$128,886.07	\$791,255.71	*\$662,369.64
Dividends .....	7,000,000.00	7,000,000.00	.....
Total Appropriations .....	\$7,128,886.07	\$7,791,255.71	*\$662,369.64
Profit and Loss,—Surplus.....	\$17,530,977.89	\$15,509,108.58	\$2,021,869.31

The results from operations are shown in the following :

### Statement of Operations for the Year Ended June 30, 1916

Gross Operating Revenue.....	\$35,891,528.29
Operating Expenses .....	14,008,165.97
Net Operating Revenue.....	\$21,883,362.32
Taxes .....	2,341,606.64
Income from Operation.....	\$19,541,755.68
Non-Operating Income .....	580,830.88
Gross Income .....	\$20,122,586.56
Interest and Sinking Fund on City Bonds.....	\$2,380,619.84
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	3,043,630.26
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,604,556.51
Interest on Manhattan Railway Second Mortgage 4% Bonds .....	66,839.89
Interest on New York Elevated Railroad 5% Debenture Bonds .....	33,423.92
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	37,500.00
Other Rent Deductions.....	7,376.48
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	312.67
Total Income Deductions.....	11,409,259.57
Net Corporate Income.....	\$8,713,326.99
Add: Queensboro Subway.....	178,687.67
	\$8,892,014.66
Dividends on Interborough Rapid Transit Company Stock (20%).....	7,000,000.00
Surplus .....	\$1,892,014.66
Per Cent, Expenses to Earnings.....	39.03
Passengers Carried .....	683,752,114

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1916, was \$35,891,528.29, as compared with \$33,433,742.81 last year, an increase of \$2,457,785.48 or 7.35%, the result of a gain on the Subway Division of \$1,513,457.75 or 8.48%, and on the Manhattan Railway Division of \$944,327.73 or 6.06%.

The increase on the Subway Division of \$1,513,457.75 was to the amount of \$1,296,296.04, the result of an increase in passenger revenue, and to the amount of \$217,161.71 an increase in sale of power and in other operating revenue; the increased Subway traffic may be

attributed to the revival of business evidenced in the Fall of 1915 which continued substantially unbroken to the close of the fiscal year.

The increase on the Manhattan Railway Division of \$944,327.73 was the result of an increase in passenger revenue of \$520,498.16 and in sale of power and in other operating revenue of \$423,829.57; the increase in passenger revenue on the Manhattan Division took place in the last six months of the fiscal year and reflected the improved facilities afforded by the Third Tracking of the Elevated Lines which were opened for operation January 17th, 1916.

### **Operating Expenses**

Operating Expenses were \$14,008,165.97 as compared with \$12,941,314.22 last year, an increase of \$1,066,851.75 or 8.24%, the result of an increase on the Subway Division of \$672,121.59 or 10.83%, and an increase on the Manhattan Railway Division of \$394,730.16 or 5.86%.

The charges to Operating Expenses for maintenance and depreciation of both Way and Structures and Equipment were \$181,520.71 over similar charges for the previous year.

The increase in traffic on both Subway and Elevated Divisions, as well as the enlarged express service upon the Elevated Lines, led to an expansion of the train service, resulting in an increase in Car Mileage on the Subway Division of 3,772,304 car miles and on the Elevated Division of 1,255,749; this increase in car mileage, the shortening of the hours of Station men and increase in rates of pay of Transportation Employees, were responsible for the increase in the cost of transportation amounting to \$714,400.51.

### **Net Operating Revenue**

The Net Operating Revenue was \$21,883,362.32, as compared with \$20,492,428.59 last year, an increase of \$1,390,933.73 or 6.79%, result of a gain on the Subway Division of \$841,336.16 or 7.23%, and a gain on the Manhattan Railway Division of \$549,597.57 or 6.21%.

### **Taxes**

The total amount of Taxes was \$2,341,606.64 as compared with \$2,133,980.09 last year, an increase of \$207,626.55 or 9.73%; Subway Division shows an increase of \$61,257.84 or 13.85%, and the Manhattan Railway Division an increase of \$146,368.71 or 8.65%.

As the result of vigorous protest made before the State Tax Commission with respect to the 1916 valuations, the special franchise

valuation of the Manhattan Railway Company in the Borough of Manhattan shows a decrease of \$7,925,000 from the 1915 figure. There was an increase of \$2,558,000 in the Bronx valuation, making a net deduction in the special franchise valuation for 1916 for the Elevated System of \$5,367,000.

However, because of an increase in the "equalization rate" in the city for the year 1916, the special franchise tax assessment against the Manhattan Railway Company in the Borough of Manhattan shows a decrease of \$6,010,250 and in the Borough of The Bronx an increase of \$2,420,360, or a net decrease of \$3,589,890 as compared with 1915. The large increase in the Bronx assessment is considered unwarranted and the same will be litigated.

The litigation which the Company instituted in the federal courts to recover the sums which it had paid to the U. S. Government as excise taxes on account of the Manhattan Railway Company has been successfully concluded. The Government admitted that the Company was entirely correct in its contention that the Manhattan Railway Company was not "engaged in business" so as to subject it to the tax. A refund of \$83,987.21 was secured as the result of this litigation.

#### **Income from Operation**

Income from Operation was \$19,541,755.68 as compared with \$18,358,448.50 last year, an increase of \$1,183,307.18 or 6.44%, the result of a gain on the Subway Division of \$780,078.32 or 6.96%, and the gain on the Manhattan Railway Division of \$403,228.86 or 5.63%.

#### **Non-Operating Income**

Non-Operating Income was \$580,830.88 as against \$623,631.25 last year, a decrease of \$42,800.37 or 6.86%, principally due to the decrease in interest on bank balances and loans and reflects the temporary advances from General Cash for the purposes of the construction of the Manhattan Third Tracks and Power Plant Improvements.

#### **Gross Income**

Gross Income was \$20,122,586.56 as compared with \$18,982,079.75 last year, an increase of \$1,140,506.81 or 6.01%, the result of a gain on the Subway Division of \$763,024.08 or 6.53%, and a gain on the Manhattan Railway Division of \$377,482.73 or 5.17%.

#### **Income Deductions**

Income Deductions were \$11,409,259.57 as compared with \$10,913,595.48 last year, an increase of \$495,664.09 or 4.54%, the details of which are set out on Page No. 32.

## **Surplus**

The Surplus over Dividends of 20% on the Capital Stock was \$1,892,014.66, a gain of \$817,867.46 in Surplus over the previous year.

## **Traffic**

The number of passengers carried was 683,752,114 compared with 647,378,266 last year, an increase of 36,373,848 or 5.62%, the result of a gain on the Subway Division of 25,919,569 or 7.50%, and a gain on the Manhattan Railway Division of 10,454,279 or 3.46%.

The Subway Division was benefited, not only by the improvement in general business conditions during the last ten months of the year, but received also the continuing advantages derived from the building up of the territory contiguous to the Subway Lines, while the Manhattan Division, where the increase was confined to the last half of the year, reflects the result of an improved Express Service following the opening of the Third Tracks on January 17th, 1916.

## **Maintenance of Way and Structures**

The structures and roadway of both the Subway and Manhattan Railway Divisions have been efficiently maintained throughout the year, the sum of \$1,539,216.66 having been expended for that purpose.

The work of reinforcing and strengthening the elevated structures is continuing. Pins, pin plates and column tops have been renewed, new seats on floor beams for bearings of stringers have been installed and the bases of a large number of columns reinforced and foundations rebuilt.

Planking has been renewed and station platforms raised to conform to standard height and construction at the 76th Street Station of the Third Avenue Line; Thirtieth Street, Fiftieth Street, Barclay Street and Franklin Street stations of the Ninth Avenue Line, and Thirty-fourth Street station of the Second Avenue Line.

The southbound station platforms at Warren, Desbrosses and Cortlandt Streets of the Ninth Avenue Line have been rebuilt to conform with the new platforms necessitated by the Manhattan Elevated Improvements.

A two arm home and distant signal was installed at the 110th Street curve of the Sixth and Ninth Avenue Elevated Line for the purpose of protecting the northbound track curve at that point.

Stairways and ladders were constructed from the ends of all station platforms to the track level between Grand and Fiftieth Street stations on the Sixth Avenue Line for the convenience of employes

and passengers in case they are obliged to leave trains midway between stations.

For the purpose of affording better protection to employes, various devices such as beveled guards at landings, gratings under machinery at the tops of shafts, capacity signs, etc., were installed on the various elevators and hoistways of the Subway and Manhattan Railway Divisions.

A Subway block alarm system was installed in the offices of the Superintendent and Train Master of the Elevated Division, and an Elevated Railway block system in the offices of the Subway Division, and both systems in the office of the Report Clerk of the New York Railways Company for quick transmission of blockade notices.

Illuminated destination signs have been installed on the Third Avenue Line at Bronx Park Station for the convenience of passengers. Additional poles with ten light clusters each were also erected in the 98th Street and Third Avenue Yard for the purpose of furnishing additional lighting facilities.

The building located in the 159th Street Yard, used for storage batteries and train crew supplies, was fireproofed and a fire hose connection installed for the purpose of lessening fire risk.

Derail switches, lock movements, electric locking circuits, control cables and interlocking machine changes were installed on tracks in the 148th Street Yard as an additional safeguard.

Drip pans were erected under the northbound and southbound tracks in four spans between 180th and 181st Streets at the 180th Street station of the West Farms Division, for the purpose of preventing oil and other material dripping into the street.

The lead covered lighting wires in all of the Subway ticket offices were replaced with rubber covered wires for the purpose of lessening fire risk.

For the purpose of preventing accidents, the hand railings on stairways in all Subway stations were extended to cover the entire stairway, and all stairways lacking handrails were so equipped.

The sum of \$80,256.20 was expended during the year for painting the structures, stations, etc., on the Subway and Manhattan Divisions.

Steel rails were renewed in the Subway on 14.31 miles of single track out of a total of 88.15 miles, and 28,350 ties were renewed out of a total of 311,000 ties in use. On the Manhattan Division 7.56 miles of steel rails were renewed out of a total of 129.64 miles, and

14,163 ties were renewed out of a total of 542,000 ties in use, making a total of 21.87 miles of rail and 42,513 ties renewed during the year.

A semi-annual inspection and inventory of the physical property of your Company is made by the Company's Engineers and Transportation Experts for the purpose of guarding against the omission of any devices tending to improve service conditions and safety of operation. The last report of this nature showed the property to be in good operating condition and that all of the improvements and new installations were giving satisfaction.

### **Maintenance of Equipment**

With a view to increasing the factor of safety, all axles on Manhattan and Subway equipment are being replaced with the most modern heat-treated steel, a development in the art of steel manufacture which has taken place since the purchase of the original axles. 312 trailer truck axles and 244 motor truck axles have been replaced on the Manhattan Division, and 262 trailer truck axles and 358 motor truck axles on the Subway Division.

Hangers which support brake beams on the original Subway trailer truck equipments have been redesigned to prevent failure. 89 trucks have been equipped with the new hangers.

110 of the Subway steel cars purchased in 1904 have been equipped with the Westinghouse tight lock coupler and special draft rigging. This coupler automatically couples both the cars and the air brake connections. With this installation the tight lock coupler has become standard for all cars in Subway service.

For the purpose of eliminating electrical failures caused by contact shoe devices falling from Subway trucks due to failure of ordinary steel bolts, special heat-treated steel bolts have been applied to 889 Subway trucks.

27 cars were equipped with handholds of porcelain enameled steel. This device provides sanitation, and with this installation it is now standard on all Subway cars.

Ceilings of 48 Subway Division cars were white enameled, thus giving a polished, highly reflecting surface which greatly increases the efficiency of the lighting and contributes to the cleanly appearance of cars. With this installation, white ceilings are now standard on all Subway cars.

Car body bolsters provided on the original Subway car equipment have proved inadequate to withstand strains imposed in Subway

service and have been redesigned. 242 of the steel cars purchased in 1904 have been so reinforced.

Partitions on switch compartment doors were installed on 665 Subway cars for the purpose of preventing short circuits.

### **Maintenance of Power Plant**

A covering of cement is being placed over all D. C. feeders in the manholes where they enter the Subway from the ducts leading from the Sub-stations for the purpose of providing better protection for the A.C. and D.C. feeders in case of short circuits.

The electric lamps in the boiler room of the 59th Street Power House were changed from Cooper-Hewitt lamps to 750 and 100 watt nitrogen lamps in order to provide greater illumination at less cost.

Pressure gauges were installed on all transformer air ducts in the Subway and Manhattan Sub-stations to provide for a more economical operation of blowers.

The rewinding of the 550 Kw. Manhattan Division transformers was continued during the year, and one 1,100 K.V.A. transformer was rewound at Sub-station No. 13, Subway Division.

New rubber mats have been placed around all rotary converters for the better protection of employees.

A.C. feeders in duct lines at 60th Street and Second Avenue and at 110th Street and Eighth Avenue, were renewed.

Repairs were made to No. 8 turbo generator in the 74th Street Power Station, including new windings and changing the iron bushings so as to make them of the open slot type.

The manhole at 19th Street and Fourth Avenue is being enlarged and changes made in the ducts and cables located therein in order to relieve the congestion at that point and allow for better racking of cables and clear manhole entrance.

A submerged vertical motor operated centrifugal pump was installed in Sub-station No. 4 at 110th Street and Eighth Avenue to guard against the necessity of shutting down as a result of a possible breakdown in the water mains, which presents a serious danger at that point.

The use of the new units already installed in the 59th and 74th Street Power Houses in the operation of the Company's present lines has resulted in reducing maintenance expenditures during the past year to a minimum.

## Financial

	1916	1915	+Increase —Decrease
Capital Stock .....	\$35,000,000	\$35,000,000	
First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, due January 1, 1966.....	148,658,000	103,658,000	\$+45,000,000
Totals .....	\$183,658,000	\$138,658,000	\$+45,000,000

The First and Refunding 5% Gold Bonds dated January 1, 1913, above referred to, were issued for the following purposes:

To provide funds for Subway Contribution under Contract No. 3 dated March 19, 1913.....	\$73,090,000
To provide funds for Elevated Third Tracking under Certificate dated March 19, 1913.....	11,550,000
To provide funds for Elevated Extensions under Certificate dated March 19, 1913.....	8,195,000
To provide funds for the Manhattan Division Power Plant Improvements .....	3,208,000
For the Refunding of \$15,000,000 notes due May 1, 1913, and the Forty-five Year Mortgage 5% Gold Bonds called November 1, 1913.....	52,615,000
	\$148,658,000

The Sinking Fund of one-half of 1% semi-annually on the First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, does not commence to accrue until January 1, 1918, the first payment into the fund becoming due July 1, 1918.

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London stock exchanges.

## Additions and Betterments

Expenditures for Additions and Betterments during the year aggregate \$28,063,562.58, the details of which will be found on page 33.

They include payments made on account of construction and equipment of new subways and Manhattan Railway third tracks and extensions, as well as power plant improvements.

The work of strengthening the elevated structures for the purpose of carrying the heavier equipment which it is proposed to operate thereon is now in progress. This requires remodeling connections of center track stringers to cross girders in 360 spans, renewing cross

girders at eight points and reinforcing center track girders in twenty-one spans, on the Third Avenue Line between Fifth and 129th Streets, and reinforcing the center track on the Second Avenue Line by double latticing center track longitudinal girders in 354 spans between Chatham Square and 127th Street.

Approximately 22,000 feet of single track was constructed on property leased from the New York Central Railroad Company, east of the Harlem River between 162nd and 167th Streets, Borough of The Bronx, for the purpose of storing and equipping the 478 new steel car bodies recently purchased for Subway operation and the 475 composite car bodies removed from the Subway service for operation on the Manhattan Railway Division. In connection therewith it was also necessary to construct a number of buildings and install machinery for use in assembling the different parts of the cars in question.

Additional stairways have been constructed on the Manhattan Railway Division to accommodate increased traffic, as follows:

Third Avenue and 28th Street, uptown;

Third Avenue and 59th Street, uptown;

Four additional stairways and mezzanine platform at Third Avenue and 149th Street.

Arrangements are being made to construct new passenger stations on the Manhattan Railway Division at 151st Street and Eighth Avenue, and at Bank Street on the Ninth Avenue Line.

A new garage is being constructed on the west side of Third Avenue between 98th and 99th Streets on the south side of Sub-station No. 7 to accommodate the Company's vehicles.

An independent telephone system was installed on the west wall of the Subway at all points where the emergency alarm is now located for use of train crews in case of emergency.

Transformers and throw-over switches were installed at various Subway stations in order to provide a separate source of current supply from the mains of the United Electric Light & Power Company for operating the lighting system in case of a breakdown of the regular supply.

The speed control signals on tracks No. 3 and No. 4, northbound, at 96th Street, were made operative at all times so as to afford additional protection.

Section break signals and connections have been installed on the Ninth Avenue Line at Spring and 53rd Streets, Second Avenue Line

at 34th Street, and the Third Avenue Line at Franklin Square and Harlem River Drawbridge.

Conduit connections were made between ventilating chambers along the line between 55th Street and Broadway and the City Hall and manholes of the New York Railways Company and the Third Avenue Railway Company, with automatic switch control for the purpose of receiving an independent power supply for the ventilating fans at the various chambers in case of breakdown of the regular supply.

An extra elevator has been installed in the vacant shaft at Broadway and 181st Street station for the accommodation of the increased traffic at that point.

Two passenger elevators are being installed for operation between the Grand Central Station of the Queensboro Subway and the present subway station at 42nd Street for the accommodation of passengers using the Queensboro Subway.

The work of rearranging the power, signal and lighting cables in manholes so as to guard against breakdowns in one class of cables being communicated to another, was inaugurated last year. A further study by the Company's engineers has led to the transferring, in addition, of the section breaks from points practically opposite the sub-stations to points approximately midway between sub-stations, thus enabling one sub-station operator to control all of the current flowing to the third rails between the section break north and south of the sub-stations and putting the handling of electrical troubles solely in the hands of one operator instead of requiring the co-operation of two and sometimes three different sub-station operators as at present.

Four flat cars of composite construction have been rebuilt as all-steel box cars for carrying supplies in the Subway. All wooden cars have now been eliminated from the Subway Service.

Two additional dump cars were purchased and placed in service for transporting rock and other material removed from Subway excavation at Greenwich Street to the Company's property at 242nd Street and Broadway, where it is used for filling in the low ground.

1024 Manhattan Railway Division motor cars, 8 motor service cars and 52 extra trucks were equipped with trip devices similar to those in use on the Subway Division providing for automatic stopping of trains running past danger signals.

311 steel passenger cars have been purchased and are in course of construction for the new subways being built under Equipment Contract No. 3. 71 of these cars are for use on the Queensboro Line,

55 on the White Plains Extension and 185 on the Lexington-Jerome Avenue Line.

Five space devices for filling gaps between cars and station platforms on curves were installed at the 14th Street Express Station. Additional space devices are being constructed for installation at Times Square Local Station as soon as the construction of the new Subway is completed at that point. These space devices are for the protection of passengers from boarding and alighting accidents.

All of the cars in the Subway service have been equipped with guide-boards to automatically engage the space devices which are being installed at curved station platforms and bring them into position after the train has stopped and before the doors of cars are opened.

The last of the three 30,000 Kw. turbine units ordered for installation in the 74th Street Power House is now in operation, thereby greatly reducing the present cost of power production.

In order to meet the increased demand upon the 74th Street Power Plant, boilers Nos. 17, 19, 21 and 23 were changed over to a high pressure system, the present stokers being used in connection therewith.

Contracts have been made for three additional 30,000 Kw. turbine units to be installed in the 59th Street Power House for the purpose of supplying the extra power that this station will be called upon to provide for initial operation of the new subways.

For the purpose of further developing the 74th Street Power Plant, which is to provide power for the elevated extensions and for those sections of the new subway lines which it is planned to feed from that power station, your Company has contracted for the installation of a 70,000 Kw. turbine together with the necessary auxiliary equipment. Heretofore the 30,000 Kw. turbines above referred to were the largest units ever installed. It is the opinion of your engineers, however, that with the completion of the 70,000 Kw. unit the cost of producing power will be still further reduced.

Approximately 230,000 feet of 3-conductor 4/0 A.C. feeder cable is being installed between the 74th Street Power House and Substations Nos. 47 and 26, now under construction.

An additional tie line connection is being installed between the 74th Street and 59th Street Power Houses in order to fully utilize the surplus power of both plants for power requirements of White Plains Road, Queensboro Lines and Manhattan Railway Division.

Two 1500 Kw. rotaries with transformers were transferred from Sub-station No. 6 to Sub-station No. 8, and one 4000 Kw. rotary with transformers was installed in Sub-station No. 5 and two in Sub-station No. 6, together with the necessary switching apparatus. These changes were made for the purpose of rearranging the power supply for operating the elevated third tracks.

Approximately thirteen new sub-stations will be required for the operation of the new subways and elevated improvements. Some of these sub-stations are under active construction and others will follow as rapidly as necessary in order that they may be completed and equipped in time for the commencement of operation.

The equipping of the new subways, including contact rail, structure bonding, track rail bonding, ventilation, drainage, escalators, telephone system, emergency alarm, blockade signal and clock systems, lighting system, interlocking plant and station equipment, is keeping pace with the construction work. As rapidly as a section is completed the installation of equipment is begun, the deliveries of materials and the contracts being so arranged as not to overlap the construction work and yet avoid delays in turning over the finished sections for operation.

### **Fire Insurance**

Fire insurance is carried on all property of the Company.

The extensive system of fire inspections, reports and drills inaugurated several years ago has been rigidly maintained during the past year, with the result that there have been no fire losses of importance either to rolling stock or fixed properties, and no interruption of traffic or service due to fire on your properties.

### **Real Estate**

Your improved properties have continued well rented during the year.

The forty foot, five story, brick and stone apartment house at No. 950 Anderson Avenue, the Bronx, which was purchased as part of the right of way for the Eighth Avenue & 162nd Street Connection, was moved about eighty feet down hill and placed on other land owned by the Company at an expense of approximately \$20,000.00. The house is modern and would cost \$45,000.00 to construct. The moving was considered an unusual engineering feat. The former site of the house is the site of the new Anderson-Jerome Avenue station; enough room having been left so that two stores

may be constructed on both sides of the entrance, with a second story over the station and stores, the rental from which will be substantial, while the added cost of the station is proportionately inconsiderable.

The land under the Suburban Line Elevated structure, between 137th and 138th Streets, size 50x200, with ample reservations for the present and future use of the land for railroad purposes, was leased for twenty-one years at an aggregate net rental of \$80,000.00; taxes and all other expenses of the property to be paid by the tenant, who has also erected a substantial building on the property, at his own expense, under the supervision of our Chief Engineer.

The ground floor of the building adjoining the Queensboro Subway station building at No. 156 East 42nd Street has been leased for a period of ten years, at a minimum rental of \$37,500.00.

Negotiations with the Public Service Commission have been completed for the apportionment between Elevated and Subway yards of the thirty-one acres of land at the end of the new White Plains Road Line, which were purchased by your Company in 1910 in anticipation of known yard requirements.

The award of the Condemnation Commission for the taking of your sub-station property at No. 31 City Hall Place by the City as part of the Court House site, referred to in the report of 1914, has been affirmed by the Supreme Court, and amounts to \$323,691.00. The Company now rents the property from the City for use pending the erection of a new sub-station.

### **Manhattan Elevated Improvements**

The Third Tracking of the elevated lines is practically completed. The new facilities on the Second and Third Avenue Lines from City Hall and South Ferry to 149th Street, and on the Ninth Avenue Line from Cortlandt to 130th Streets were placed in operation on January 17th, 1916.

The new center track on the Third Avenue Line from 149th Street to Fordham Road is completed but not operated on account of the necessity of using this trackage for car storage until the Webster Avenue Extension and the Storage Yard at 239th Street and White Plains Road are completed. Ten stations on this line have been reconstructed and are now being operated.

The section of the Ninth Avenue Line from 130th Street to 155th Street is completed with the exception of the station at 155th Street, which cannot be completed until the New York Central Putnam

Division Terminal Station is transferred to the new terminal now being constructed on the Bronx side of the river at Sedgwick Avenue.

Express Stations have been located and opened for service (excepting 145th and 155th Streets) at the following intermediate points on all of the lines where transfers may be had to local trains, thus securing the benefit of the express service throughout the entire system:

**Ninth Avenue Line:** Cortlandt, Warren, Desbrosses, Christopher, 14th, 34th, 66th, 116th, 125th, 145th and 155th Streets.

**Third Avenue Line:** City Hall, Chatham Square, Canal, Grand, Houston, 9th, 23rd, 42nd, 106th, 125th, 133rd, 138th, 143rd, 149th Streets, Tremont Avenue and Fordham Road.

**Second Avenue Line:** City Hall, Chatham Square, 14th, 42nd, 86th and 125th Streets.

### **Interborough Elevated Extensions**

The Queensboro Bridge Line connecting the Second Avenue Line at 59th Street with the Elevated Lines in Queens at the Queensboro Bridge Plaza is 25% completed. The south bound Queensboro Bridge track will cross above the north bound local and express tracks of the Second Avenue Line, and descend between the south bound local and express tracks to a connection with these tracks at 51st Street and Second Avenue. The 57th Street Station on the Second Avenue Line is being reconstructed to provide an upper level platform for the south bound Queensboro Bridge trains, and a mezzanine bridge connecting the north bound and south bound local stations so that passengers from the north may transfer at this point to north bound trains operating across the Queensboro Bridge.

The contract for steel work for the Queensboro Bridge Line from the East side of Second Avenue and 59th Street to about Ely Avenue in Queens was awarded in June, 1916.

The Webster Avenue Extension from Fordham Road through Webster Avenue and Gun Hill Road to White Plains Road is now under construction.

The West Farms Subway Connection from 143rd Street through private property, Willis and Bergen Avenues and over the present subway to a connection with the Manhattan-Bronx Rapid Transit Line at Westchester Avenue is 50% completed.

The 8th Avenue and 162nd Street Connection, extending from a point in 8th Avenue near 157th Street over the Putnam Bridge and

private property to Sedgwick Avenue near 162nd Street, thence as a tunnel through the hill to Jerome Avenue, thence across Jerome Avenue and private property on an elevated structure to a connection with Jerome Avenue Extension of the new Subway in River Avenue, is under construction.

Contracts for the main portions of these three extensions were awarded in February, 1916.

### **New Subway Construction**

The construction of the new subways for which the Interborough Rapid Transit Company has the operating contract is progressing favorably.

The 7th Avenue Line from a connection with the present subway at Times Square to West Broadway and Vesey Street, which was 50% completed last year, is now 80% completed.

The two track extension from Vesey Street via Greenwich Street to South Ferry, which was 25% completed last year, is now 77% completed.

The Park Place, William and Clark Streets line from West Broadway to a connection with the present subway at Borough Hall, Brooklyn, which was 10% completed last year, is now 52% completed.

The Eastern Parkway Line, Brooklyn, from the terminus of the present subway at Atlantic Avenue to Nostrand Avenue, which was only 25% constructed to Prospect Park, and not commenced beyond that point last year, is now 46% completed.

The Nostrand Avenue Line, construction of which had not been commenced last year, is now 14% completed.

The Eastern Parkway Line from Nostrand Avenue to Buffalo Avenue, which had not been commenced last year, is now 17% completed.

The contract for the construction of the Livonia Avenue Line from Buffalo Avenue to New Lots Avenue has not yet been let.

The Lexington Avenue Line from a connection with the present subway at Park Avenue and 38th Street to Lexington Avenue and 43rd Street, 25% completed last year, is now 60% completed.

From 43rd Street to 53rd Street on Lexington Avenue, 25% completed last year, is now 58% completed.

From 53rd Street via Lexington Avenue, Mott and Gerard Avenues to 157th Street, the subway is practically completed.

The connection between the old and new subways at Mott Avenue and 149th Street, has not yet been placed under contract.

The Jerome Avenue extension from 157th Street to Woodlawn Road, which was 80% completed last year, is now practically completed.

The Southern Boulevard and Westchester Avenue extension from Southern Boulevard and 138th Street to Bancroft Street, which was 60% completed last year, is now 91% completed. The remaining portion of this line from Bancroft Street via Westchester Avenue to the terminus at Pelham Bay Park (which is an elevated structure) has been placed under contract, but no work has yet been done.

The White Plains Road extension from a connection with the present subway at 179th Street and Boston Road to East 241st Street and White Plains Road, 70% completed last year, is now 97.3% completed.

The Queensboro Line from the Grand Central Station near East 42nd Street and Lexington Avenue to Jackson Avenue, Long Island City, is completed and in operation. From that point to Queensboro Bridge Plaza, 70% completed last year, is now 92% completed.

The Woodside and Corona Elevated Line from Queensboro Bridge Plaza to Vandam Street, 50% completed last year, is now 98% completed, and from Vandam Street via Queens Boulevard and Roosevelt Avenue to Alburtis Avenue, is completed.

The Astoria Elevated Line from Queensboro Bridge Plaza via Second Avenue to Ditmars Avenue is completed.

The Elevated portions of the subways on the Astoria and Corona Lines in Queens and the White Plains Road and Jerome Avenue Lines in the Bronx will be available for use in connection with the present Elevated and Subway systems in advance of the completion of the subway portions of these lines. These branches will be placed in operation in conjunction with the existing line as soon as completed so as to give the residents of those sections through traffic accommodations at the earliest possible date.

Under contract No. 3 of March 19, 1913, the lease of the new subways to the Interborough Rapid Transit Company is to begin whenever the main trunk lines and the tunnels under the river shall be completed and ready for operation. If before that time any section of the new subways shall be declared ready for operation and your Company is called upon to equip and operate same, it will be able to do so under the contract on a basis which will insure it against loss.

### Manhattan Easements Litigation

The Company has continued its policy as to the acquisition of the easements of light, air and access from the owners of abutting property on the Second, Third and Ninth Avenue Elevated Lines affected by the new third tracking improvements. Over eighty-five per centum of the total frontage affected has been settled. Sixty-four per centum of such frontage was settled without litigation, and condemnation proceedings were commenced as to twenty-nine per centum. While these proceedings were being conducted, settlements were arranged for over seventy-one per centum of the frontage in litigation. The Company's best efforts are being made to adjust amicably the outstanding frontage affected by these structural changes at the rates of compensation offered by the Company which have been uniformly adhered to.

### Injuries and Damages

	1916.	1915.	Increase.
Claims, Suits and Judgments.....	\$476,184.08	\$320,660.92	\$155,523.16
Expenses.....	210,782.12	195,056.05	15,726.07
	<u>\$686,966.20</u>	<u>\$515,716.97</u>	<u>\$171,249.23</u>

The increase in the expenditures for accidents is principally due to the settlement of the remaining claims arising out of the short circuit smoke accident at 53rd Street and Broadway, collisions on the elevated, and the accidents at center and side doors due to the increasing congestion. The space closing devices are reducing the number of injuries due to the spaces at the curved platforms, but the accumulated space claims for the past have increased and it will be some time before the benefit of the new devices will show in reduced claims. We have also continued our efforts to prevent litigation by prompt claim settlements and to relieve the courts by reducing pending litigation. At the close of the fiscal year there were 115 less suits in the courts of record, although 71 more such suits were commenced than during last year.

The claimants were successful in a smaller percentage of cases tried than the previous year.

The total disbursements for injuries and damages and expenses amounted to 1.91% of the gross passenger receipts, an increase of .37% over 1915.

## **Welfare Work**

As an addition to the Welfare Work which your Company is conducting for the benefit of its employes, a Pension System was inaugurated on January 2, 1916, embracing all employes who have attained the age of 70 years, and who have been in the service not less than twenty-five years, as well as those who have been in the service for twenty-five years or more and have become physically and permanently disabled. The allowance is computed on the time of service with a minimum of \$20 per month. At the present time there are twenty-six employes carried on the pension roll.

The Loan Fund which was established in 1914 to aid employes who require assistance by reason of sickness or other misfortunes, has proven very beneficial. During the year there were 807 loans made, aggregating \$20,244.50, of which amount there is outstanding at the present time less than \$2,600. As special efforts are made in all cases to repay these loans on time, the losses so far have been negligible.

In addition to the School of Instruction for employes in the train service, which is a regular part of their transportation education, your Company has established and is conducting free technical schools for employes of the Electrical and Steam Power Departments of your service with the object of improving the training of the men and determining their fitness for promotion. These schools have proven mutually beneficial and have enabled the Company to make promotions based upon competitive examinations, thus securing the most competent men for the positions to be filled. In addition, they serve as an incentive for better work and closer application to duties, as employes are thus given opportunities for advancement to higher positions which they would not otherwise obtain.

During the recent Mexican crisis when the National Guard was called out for military duty, your Directors agreed that until further notice the wages or salaries of all employes then members of the National Guard of the State of New York, who responded to the call of the President of the United States for active military service would be continued and that upon the termination of said service such employes would be reinstated so far as possible in their former positions.

They also authorized the continuation of wages for four weeks of all employes who desired to attend the Plattsburg Military Training Camp or to go on the 1916 Summer Naval Cruise.

### **General Remarks**

The increase in passenger travel on the Manhattan Railway Division for the six months ended June 30, 1916, as the result of third track operation, is very gratifying. Without any of the northern terminals, extensions or feeders being included in this operation, there was an increase between January 17, 1916, the date of initial operation, and June 30, 1916, of 11,893,155 passengers, as against a decrease of 976,972 passengers for the first six months' period of the present fiscal year, and 461,904 for the first sixteen days in January. During this same period there was an increase of 15,840,859 passengers on the Subway Division as against an increase of only 6,216,718 for the previous six months. While these increases indicate that the number of rides per capita per annum increase as facilities for travel multiply, experience has demonstrated that the greatest benefits are derived from the development of the new sections. In the case of the present Subway, this growth was gradual but steady and of substantial volume from the date facilities first became available, especially in The Bronx and the outlying districts. Both the Subway and Elevated feeders in these districts will be ready for operation in connection with existing lines in advance of the new subways, thus affording an opportunity for development and the creation of a permanent traffic pending the completion of the trunk lines.

For the purpose of enabling your Company to create a West Side Elevated connection with the Jerome Avenue Extension, a contract was entered into on January 28, 1916, with the New York Central Railroad Company, effective about June 1, 1917, by which your Company obtains the right to use the Putnam Bridge over the Harlem River and the two main tracks of the New York and Putnam Railroad Company extending from the 155th Street Station across and to a point near the easterly end of said bridge, as part of the Eighth Avenue and 162nd Street and Jerome Avenue connection. The agreement covers a period of eighty-five years, and thereafter during the continuance of the operation of this connection. The New York Central Company as part of said agreement grants to your Company a perpetual right, easement and right-of-way for the construction and operation of a new viaduct or bridge over the Spuyten Duyvil & Port Morris Railroad tracks to form a new easterly approach and means of connection between the Putnam Bridge Line and the Eighth Avenue and 162nd Street connection. It also agrees to construct a new station at that point for the joint use of the New York & Putnam and Interborough Rapid Transit Lines.

As provided in the lease of the Manhattan Railway Company, dated January 1, 1903, Second Mortgage 4% Bonds, dated June 1, 1913, maturing June 1, 2013, were issued by that Company during the year in the sum of \$5,409,000, the proceeds to be applied to the extinguishment of easement claims, additions and betterments, completing the line for electrical operation, etc. On February 18, 1916, \$4,523,000 face amount of these bonds were sold under the consent and order of the Public Service Commission, and out of the proceeds realized the sum of \$3,897,646 was paid over to your Company in settlement of advances made to cover expenditures on above account. The balance of the proceeds realized from the sale and the \$886,000 face value of unsold bonds are held in the Treasury of the Manhattan Railway Company to meet further improvement expenditures on the present system and the payment of easement claims.

Under the terms of the Consolidated Mortgage of the Manhattan Railway Company dated February 26, 1890, \$1,000,000 face amount of the Consolidated Mortgage 4% Bonds were reserved to take up by exchange or otherwise \$1,000,000 face amount of 5% Debenture Bonds of the New York Elevated Railroad Co., maturing March 1, 1916. In the lease of the Manhattan Railway Company dated January 1, 1903, the Interborough Rapid Transit Company covenants to pay as rental the interest on said \$1,000,000 of Debenture Bonds. By agreement dated October 22, 1913, your Company agreed to purchase between October 1, 1915, and March 1, 1916, at their face value and accrued interest, \$1,000,000 of Consolidated Mortgage 4% Bonds for the purpose of retiring the \$1,000,000 New York Elevated Railway Company Debenture 5% Bonds, due March 1, 1916. This transaction will result in a considerable saving in interest to your Company.

\$93,000 face amount of Manhattan Railway Company Consolidated Mortgage 4% Bonds, due 1990, were purchased and retired during the year from the proceeds of the sale of real estate.

In 1906 your Company acquired all but 1860 of the 20,000 shares of stock of the Subway Realty Company. These 1860 shares were acquired during the past year at the same price as that paid for the original shares, namely, par plus interest from the date of the payment of subscriptions to the date on which dividends were inaugurated, thus making your Company the owner of the entire capital stock of said Company. The Subway Realty Company owns the Hotel Belmont, which is leased to a separate operating company until 1926 at a rental which enables the Company to pay 5% dividends on its capital stock and set up a considerable reserve or depreciation account.

Your Company owns real estate and property located between Broadway and the Harlem River Ship Canal, extending from a point near 216th Street to 221st Street, comprising approximately twelve acres, on which there was a mortgage of \$500,000. Inasmuch as the Company is in possession of available funds, arrangements have been made to pay this mortgage at maturity, on July 10, 1916, for the purpose of saving interest charges. This property will then be free and clear of indebtedness.

The wages of employes were increased during the year in the sum of approximately \$349,000, which sum, however, does not include the increases granted to conductors, motormen, guards, agents, porters, gatemen, special officers, starters, towermen, switchmen and train clerks, effective August 1, 1916, amounting to about \$311,000 additional. These advances were voluntary and were made in furtherance of the established policy of your Company in keeping the rates of pay and working conditions of its men equal if not better than those obtained in like capacities elsewhere in this vicinity.

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The Management makes due acknowledgment to its officers and employes for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,  
President.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1916 AND 1915.

YEAR ENDED JUNE 30	1916		Total	1915		Increase Decrease*
	Manhattan Ry. Division	Subway Division		Manhattan Ry. Division	Subway Division	
Revenue from Transportation.....	\$15,619,860.87	\$18,562,239.65	\$34,182,100.52	\$15,099,362.71	\$17,265,943.61	\$32,365,306.32
Other Street Railway Operating Revenue.....	914,414.78	795,012.99	1,709,427.77	490,585.21	577,851.28	1,068,436.49
Gross Operating Revenue....	\$16,534,275.65	\$19,357,252.64	\$35,891,528.29	\$15,589,947.92	\$17,843,794.89	\$33,433,742.81
Operating Expenses:						
Maintenance of Way and Structures.....	\$930,096.08	\$897,223.59	\$1,827,319.67	\$913,394.61	\$825,436.35	\$1,738,830.96
Maintenance of Equipment.....	1,118,912.57	1,344,549.36	2,463,461.93	1,098,820.58	1,271,609.35	2,370,429.93
Traffic.....	344.00	198.87	542.87	74.34	70.83	145.17
Transportation Expenses.....	4,484,007.72	3,846,349.79	8,330,357.51	4,176,674.86	3,439,282.14	7,615,957.00
General Expenses.....	599,613.89	786,870.10	1,386,483.99	549,279.71	666,671.45	1,215,951.16
Total Operating Expenses....	\$7,132,974.26	\$6,875,191.71	\$14,008,165.97	\$6,738,244.10	\$6,203,070.12	\$12,941,314.22
Net Operating Revenue .....	\$9,401,301.39	\$12,482,060.93	\$21,883,362.32	\$8,851,703.82	\$11,640,724.77	\$20,492,428.59
Taxes .....	1,837,976.94	503,629.70	2,341,606.64	1,691,608.23	442,371.86	2,133,980.09
Income from Operation.....	\$7,563,324.45	\$11,978,431.23	\$19,541,755.68	\$7,160,095.59	\$11,198,352.91	\$18,358,448.50
Non-Operating Income.....	113,380.63	467,450.25	580,830.88	139,126.76	484,504.49	623,631.25
Gross Income.....	\$7,676,705.08	\$12,445,881.48	\$20,122,586.56	\$7,299,222.35	\$11,682,857.40	\$18,982,079.75
Interest and Sinking Fund on City Bonds.....		\$2,380,619.84	\$2,380,619.84		\$2,360,066.03	\$20,533.81
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	336,765.64	2,706,864.62	3,043,630.26		2,632,572.97	411,057.29
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds						
Interest on Manhattan Railway Second Mortgage 4% Bonds ....	\$1,604,556.51		\$1,604,556.51	\$1,591,080.00		\$1,591,080.00
Interest on New York Elevated Railroad 5% Debenture Bonds..	66,839.89		66,839.89			66,839.89
	33,423.92		33,423.92	50,000.00		50,000.00
						\$16,576.08

Manhattan Railway Rental (Organization).....	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense.....	312.67	312.67			
Interest on Unfunded Debt.....	37,500.00	37,500.00	\$37,500.00	37,500.00	\$312.67
Other Rent Deductions.....	6,576.56	799.92	799.92	7,376.48	
Total Income Deductions.....	\$6,283,475.19	\$5,125,784.38	\$11,409,259.57	\$5,882,656.56	\$10,913,595.48
Net Corporate Income.....	\$1,393,229.89	\$7,320,097.10	\$8,713,326.99	\$1,416,565.79	\$644,842.72
Add Queensboro Subway.....		178,687.67	178,687.67		173,024.74
	\$1,393,229.89	\$7,498,784.77	\$8,892,014.66	\$1,416,565.79	\$817,867.46
Dividends on Interborough Rapid Transit Co. Stock (20% for 1916, 10%-10% extra for 1915) ..			7,000,000.00		
Surplus.....			\$1,892,014.66		\$817,867.46
Per Cent. Expenses to Earnings : Excluding Taxes.....	43.14	35.52	39.03	43.22	38.71
Including Taxes .....	54.25	38.12	45.55	54.07	45.09
Passengers Carried.....	312,246,796	371,505,318	683,752,114	301,792,517	647,378,266
Daily Average Passengers Carried	853,133	1,015,042	1,868,175	826,829	1,773,639
					94,536

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1916.

## ASSETS

FIXED CAPITAL .....	\$118,568,474.38
INVESTMENTS .....	24,902,884.65
ADVANCES TO ASSOCIATED COMPANIES.....	2,458,306.73
CURRENT ASSETS .....	20,673,600.95
Cash .....	\$3,497,233.47
Cash advanced from General Fund for Manhattan Third Tracking (See Contra).....	4,625,000.00
Cash advanced from General Fund for Manhattan Power Plant Improvements (See Contra).....	150,000.00
Accounts Receivable .....	2,610,163.67
Bills Receivable .....	6,120.00
Interest and Dividends Receivable .....	728,940.75
Material and Supplies.....	2,486,450.21
Special Deposits:	
To meet Coupons due not presented.....	33,746.80
To meet Uncollected Dividends on Manhattan Railway Company Capital Stock.....	101.50
To meet Dividend due July 1st, 1916, on Man- hattan Railway Company Capital Stock.....	1,050,000.00
To meet Dividend due July 1st, 1916, on Inter- borough Rapid Transit Company Capital Stock	1,750,000.00
To meet Interest due July 1st, 1916, on First and Refunding Mortgage 5% Gold Bonds.....	3,716,450.00
Cash Deposit with State Industrial Commission.	19,394.55
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	41,978,969.96
Subway Contribution Cash.....	\$36,412,590.39
Manhattan Third Tracking Cash.....	10,637.60
Elevated Extension Cash.....	5,544,495.24
Manhattan Power House Cash.....	11,246.73
PREPAYMENTS .....	1,077,844.12
Insurance .....	\$171,651.10
Taxes .....	895,958.27
Rents .....	10,234.75
ITEMS AWAITING DISTRIBUTION.....	70,749.10
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....	68,644.01
DEFERRED CHARGES .....	10,051,624.17
Unamortized Debt Discount and Expense.	
TOTAL.....	<u><u>\$219,851,098.07</u></u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1916

## LIABILITIES

CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT .....	148,658,000.00
First and Refunding Mortgage 5% Gold Bonds.	
MANHATTAN RAILWAY COMPANY, LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES .....	14,521,936.82
Interest and Rentals Accrued, not due.....	\$1,241,593.69
Coupons due, not presented.....	33,746.80
Dividends April 1st, 1909, to April 1st, 1916, inclusive, on Manhattan Railway Company Capital Stock, unpaid .....	101.50
Dividends due July 1st, 1916, on Manhattan Railway Company Capital Stock.....	1,050,000.00
Dividends due July 1st, 1916, on Interborough Rapid Transit Company Capital Stock.....	1,750,000.00
Interest due July 1st, 1916, on First and Refunding Mortgage 5% Gold Bonds.....	3,716,450.00
Due for Wages.....	179,423.69
Accounts Payable .....	1,075,503.00
Taxes Accrued .....	700,118.14
Third Tracking Cash Liability for advances from General Fund (See Contra).....	4,625,000.00
Manhattan Power House Cash Liability for Advances from General Fund (See Contra).....	150,000.00
RESERVES .....	3,083,431.40
Accrued Amortization of Capital.....	\$2,892,885.44
Manhattan Railway Equipment Reserve.....	142,310.99
Interest on Investment of Depreciation Reserve....	47,922.30
Manhattan Railway Company 2nd Mortgage Bond Discount and Expense Amortization.....	312.67
ITEMS AWAITING DISTRIBUTION.....	679,429.23
PROFIT AND LOSS SURPLUS.....	17,530,977.89
TOTAL.....	<u>\$219,851,098.07</u>

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1916 AND 1915

Description	1916	1915	Increase Decrease*
Interest and Sinking Fund on City Bonds	\$2,380,619.84	\$2,360,066.03	\$20,553.81
Interest on First and Refunding Mortgage 5% Gold Bonds.....	3,043,630.26	2,632,572.97	411,057.29 (1)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,604,556.51	1,591,080.00	13,476.51 (2)
Interest on Manhattan Railway 2nd Mortgage 4% Bonds.....	66,839.89	.....	66,839.89 (3)
Interest on New York Elevated Railroad 5% Debenture Bonds.....	33,423.92	50,000.00	*16,576.08 (2)
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	312.67		312.67
Interest on Unfunded Debt.....	37,500.00	37,500.00	
Other Rent Deductions.....	7,376.48	7,376.48	
Total Income Deductions.....	<u>\$11,409,259.57</u>	<u>\$10,913,595.48</u>	<u>\$495,664.09</u>

#### NOTES:

(1) Due to charging to Income Account interest on \$14,758,000 First & Refunding Mortgage 5% Gold Bonds, issued to provide for Elevated Third Tracking and Manhattan Power Plant Improvements, from January 17th, 1916, the date of beginning operation of the third tracks, together with the interest on bonds issued to provide funds for that portion of the Queensboro Subway opened for service June 22nd, 1915, and February 15th, 1916.

(2) Due to the refunding, March 1st, 1916, of \$1,000,000 New York Elevated Railroad 5% Debenture Bonds, by the issuance of a like amount of Manhattan Railway Consolidated Mortgage 4% Bonds.

(3) Due to the issuance of \$4,523,000 Manhattan Railway Company 2nd Mortgage 4% Bonds, February 18th, 1916.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30, 1916**

**CHARGEABLE TO CAPITAL ACCOUNT**

**A—On Existing Lines—Manhattan Railway Division**

Land Damages and Legal Expenses in connection therewith.		
Additional Stairway S. E. corner 28th St. and Third Ave.		
Additional Stairway N. E. corner 59th St. and Third Ave.		
Completing Stations, 38th Street and Sixth Avenue.		
Preliminary Expenditures in connection with stations at 151st Street and Eighth Avenue.		
Preliminary Expenditures in connection with Garage on Third Avenue, between 98th and 99th Streets.		
Making a charge to the Manhattan Railway Construction Account of.....	\$72,033.67	
There was, however, credited to this account and charged to Manhattan Power Plant Improvements the cost of two 4,000 K. W. Rotaries installed in Sub-Station No. 4 in 1915.....	97,971.46	
Resulting in a Net Credit to the Manhattan Railway Construction Account of.....		\$25,937.79
Connection at Subway Stations with United Electric Light and Power Company for emergency light.		
Independent Power Supply for fans in ventilating chambers.		
Movable station platforms on stations constructed on curves.		
Remote control circuit breakers at the ends of all underground feeders.		
Additional speed control signals at express stations.		
Telephones and Emergency Alarm Boxes along the walls of the Subway.		
124 steel motor car bodies and the equipment thereof.		
354 steel trailer car bodies and the equipment thereof.		
24 Taylor Stokers at 59th Street Power Station, replacing 14 Green and 10 Roney Stokers.		
Making a charge to the Interborough Rapid Transit Company, Fixed Capital Account (subject to certain credits when the transfer of 477 composite car bodies to the Elevated Extensions is completed) of.....		2,110,348.49

**B—New Subways, Elevated Improvements and Extensions**

CONTRACT NO. 3		
Construction .....	\$15,782,119.15	
Equipment .....	1,353,106.64	\$17,135,225.79
MANHATTAN THIRD TRACKING		
Plant and Structure.....	\$6,295,926.71	
Equipment—Credit .....	4,249.47	6,291,677.24
ELEVATED EXTENSIONS		
Plant and Structure.....	\$767,875.90	
Equipment .....	853,737.94	1,621,613.84
MANHATTAN POWER PLANT IMPROVEMENTS		
.....	930,635.01	25,979,151.88
TOTAL .....		\$28,063,562.58

## COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE 5% BONDS, DATED JANUARY 1, 1913.

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected, situate in the City of New York, constituting the main power house and electric substations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1, and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid Contract No. 1, dated February 21, 1900, between John B. McDonald and the City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however,* to any and all rights of the City of New York created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and the City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however,* to any and all rights of the City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between the City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto;

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate, dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorization or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate, The Webster Avenue Line, 8th Avenue and 162nd Street Connection, The Queensboro Bridge Line, and the West Farms Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company dated March 20, 1913, whether held by the Company or deposited for its account in any depository, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgages by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough certificate, or the said Manhattan certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

# **EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1916**

## **MANHATTAN RAILWAY DIVISION**

PASSENGER CARS:	1916	1915	
Motor, closed .....	1021	1024	—3
Trailer, closed .....	715	715	....
Trailer, open .....	36	36	....
Total.....	1772	1775	—3
SERVICE CARS:			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Flat, motor .....	0	2	—2
Box, motor, steel.....	2	0	+2
Pay, trailer, closed.....	1	1	....
Supply, trailer, closed.....	16	16	....
Tool, trailer, closed.....	1	1	....
Ticket, trailer, closed.....	2	2	....
Flat, trailer .....	29	29	....
Hopper, trailer .....	5	5	....
Derrick, trailer .....	3	3	....
Total.....	61	61	....
Total, Manhattan Railway Division.....	1833	1836	—3

## **ELEVATED EXTENSIONS**

PASSENGER CARS:			
Motor, composite, closed.....	109	0	+109

## **SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

PASSENGER CARS:			
Composite, motor, closed.....	103	123	—20
Steel, motor, closed.....	789	665	+124
Composite, trailer, closed.....	264	352	—88
Steel trailer, closed.....	353	0	+353
Total.....	1509	1140	+369
SERVICE CARS:			
Pay, motor, closed.....	1	1	....
Instruction, motor, closed.....	1	1	....
Test, motor, closed.....	1	1	....
Observation, motor, closed.....	1	1	....
Flat, steel, motor.....	7	7	....
Pay, trailer, closed.....	1	1	....
Emergency pump, trailer.....	1	1	....
Flat, wooden, trailer.....	18	18	....
Flat, steel, trailer.....	12	14	—2
Hopper, steel, trailer.....	1	1	....
Dump, steel, trailer.....	12	10	+2
Box, steel, trailer.....	2	0	+2
Total.....	58	56	+2
Total, Subway Division.....	1567	1196	+371

## **SUBWAY DIVISION—CONTRACT No. 3**

PASSENGER CARS:			
Steel, motor, closed.....	12	12	....
Total Cars of all descriptions.....	3521	3044	+477

—Decrease. +Increase.

# VOLUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30, 1916

### FINANCIAL STATEMENT

Receipts to June 30th, 1915, inclusive..... \$671,806.62

*Receipts for year ended June 30th, 1916.*

Contributions from members.....	\$89,306.37	
Interest on investments and bank balances.....	2,925.89	92,232.26

\$764,038.88

Received from the Company in advance of collection of contributions.....		2,784.20
--------------------------------------------------------------------------	--	----------

Total Receipts .....		<u>\$766,823.08</u>
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Disbursements to June 30th, 1915, inclusive..... \$604,194.50

*Disbursements for year ended June 30th, 1916.*

Accident Benefits Paid.....	\$4,757.50	
Sickness Benefits Paid.....	47,957.25	
Death Benefits Paid.....	40,829.60	
Contributions Refunded .....	440.22	93,984.57

Total Payments .....		<u>698,179.07</u>
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*Investments.*

\$45,000 Manhattan Railway Company Consolidated Mortgage		
4% Bonds, at cost.....	\$43,587.35	
\$15,000 New York City, Tax Exempt, 4¼% Bonds, due 1960		
at cost .....		15,255.41
\$10,000 Interborough Rapid Transit Company First and Re-		
funding Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	<u>\$68,644.01</u>

### MEMBERSHIP STATEMENT

Membership June 30th, 1915..... 6526

Employees admitted to membership during year ended June  
30th, 1916 ..... 2081

Loss account of resignations, dismissals, deaths, etc..... 1467

Net gain during the year.....		<u>614</u>
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Total membership June 30th, 1916.....		7140
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During the year the Medical Examiners have made 6410 calls on disabled members.

# CONDENSED STATEMENT OF OPERATING RESULTS OF THE INTERBOROUGH RAPID TRANSIT COMPANY

FISCAL YEAR	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
<b>INCOME</b>																								
Revenue from Transportation	\$34,182,100.52	95.24	\$32,365,306.32	6.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue ..	1,702,427.77	4.76	1,068,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,558.37	2.80	843,415.06	2.83	820,619.50	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.04	2.18
Total .....	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
<b>OUTGO</b>																								
Maintenance of Way and Structure—Actual....	\$1,539,216.66	4.29	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,641.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual.....	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,433.50	5.91
Total Maintenance .....	\$3,671,556.11	10.23	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structure—Depreciation	\$288,103.01	.80	\$192,881.05	.57	\$51,954.66	.15	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	331,122.48	.92	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	453,442.66	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation .....	\$619,225.49	1.72	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$380,651.59	1.28	\$181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation .....	\$4,290,781.60	11.95	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,713.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses .....	542.87	.....	145.17	.....	138.14	.....	452.03	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Expenses .....	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accident and Damages .....	551,886.14	1.54	386,244.07	.54	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	202,534.67	.88	272,983.26	1.36	131,595.30	.77
General Expenses .....	834,597.85	2.32	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,993.47	3.56	659,842.51	3.28	529,439.41	3.08
Total Operating Expenses .....	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,717,413.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net operating Revenue .....	21,883,362.32	60.97	20,492,428.59	62.29	20,613,342.33	61.50	19,237,127.58	59.20	18,198,590.46	58.24	17,398,370.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.53	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non-Operating Income .....	580,830.88	1.62	623,631.25	.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
Total .....	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.94	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
<b>DEDUCTIONS</b>																								
Taxes .....	\$2,341,606.64	6.53	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.66	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,965.37	6.02	\$1,390,560.13	6.91	\$1,203,731.52	7.00
Interest on Bonds (Rental) .....	4,085,440.16	11.38	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,228.19	15.72	3,220,156.19	16.01	2,433,370.61	14.14
Manhattan Dividends (Rental) .....	4,200,000.00	11.70	4,200,000.00	12.57	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.44	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,000.00	17.97	3,864,000.00	19.20	3,864,000.00	22.46
Manhattan Cash Rental .....	35,000.00	.10	35,000.00	.10	35,000.00	.11	17,500.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.04	10,000.00	.05	10,000.00	.05	10,000.00	.06
Interest on Notes and 5% Bonds.....	3,043,630.26	8.48	2,632,572.97	.87	2,720,882.77	8.12	1,854,647.92	5.71	1,617,033.74	5.18	1,812,913.34	6.09	2,065,621.65	7.12	1,999,281.67	7.54	1,250,000.00	5.06	766,666.67	3.35	356,666.67	1.77	.....	.....
Sinking Fund 5% Bonds.....	.....	.....	.....	.....	113,196.66	.34	336,290.84	1.04	329,692.50	1.06	300,000.00	1.01	200,000.00	.69	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Amortization .....	312.67	.....	3,565.37	.01	31,758.12	.10	97,086.74	.31	31,269.98	.10	12,929.64	.04	12,212.89	.05	7,984.67	.03	.....	.....	.....	.....	.....	.....	.....	.....
Interest on Unfunded Debt .....	37,500.00	.10	37,500.00	.11	37,500.00	.11	643,333.34	1.98	786,180.54	2.52	416,292.94	1.40	233,005.61	.80	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Rental Deductions .....	7,376.48	.02	7,376.48	.02	7,376.51	.02	6,576.56	.02	6,576.56	.02	6,909.90	.02	9,119.37	.03	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Deductions .....	\$13,750,866.21	38.31	\$13,047,575.57	39.02	\$13,201,614.62	39.39	\$13,187,549.73	40.58	\$12,980,024.33	41.54	\$12,598,249.07	42.32	\$12,303,382.22	42.45	\$11,822,769.85	44.57	\$10,856,115.93	43.95	\$9,869,860.23	43.10	\$8,841,382.99	43.94	\$7,511,105.13	43.66
Net Corporate Income .....	\$8,713,326.99	24.28	\$8,068,484.27	24.13	\$8,024,580.26	23.94	\$6,537,068.14	20.12	\$6,523,766.42	20.88	\$5,140,036.76	17.27	\$4,082,147.04	20.98	\$4,589,823.12	17.31	\$3,700,659.36	14.99	\$3,716,443.70	16.22	\$3,168,800.70	15.75	\$2,419,921.28	14.07

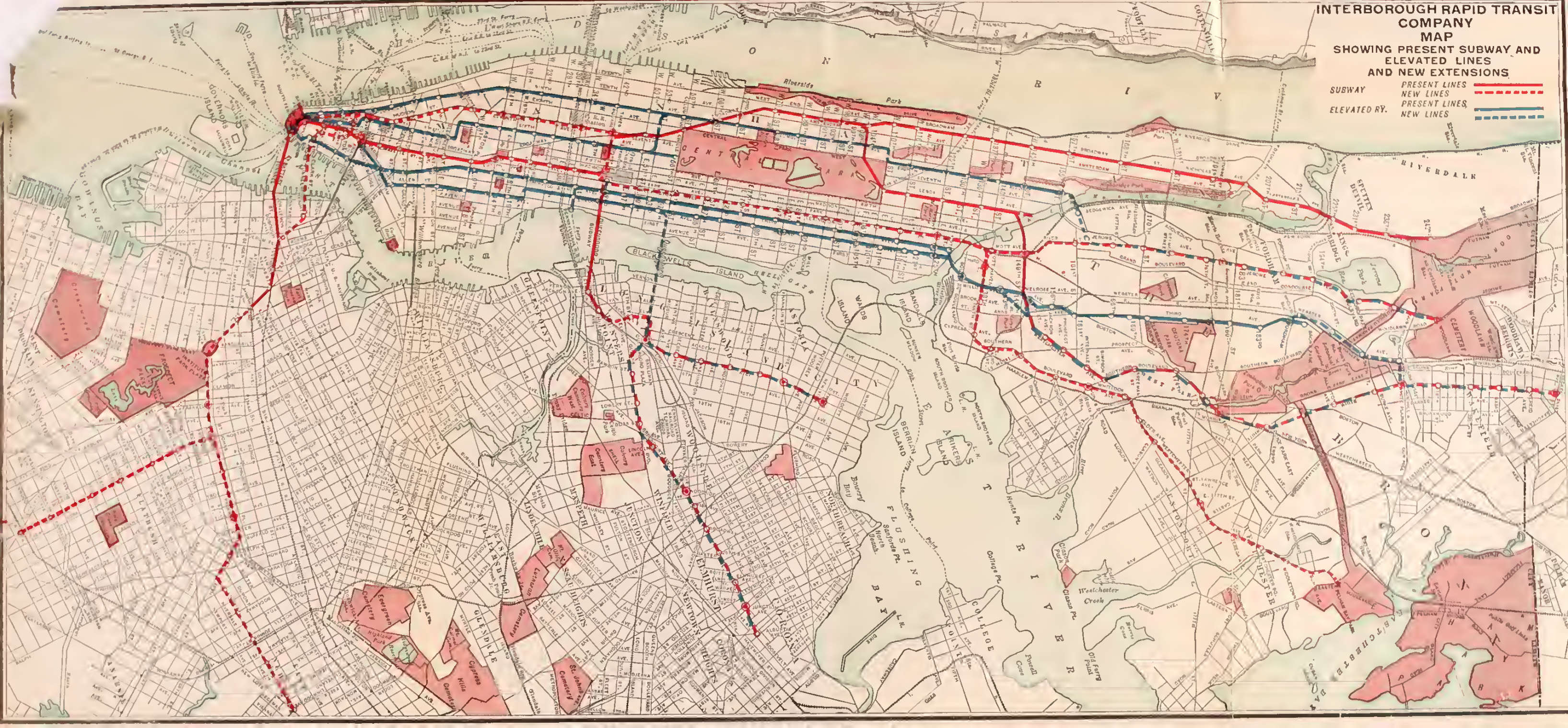






**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP**  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
AND NEW EXTENSIONS

SUBWAY	PRESENT LINES	
	NEW LINES	
ELEVATED RY.	PRESENT LINES	
	NEW LINES	





1916-1917

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1917

PRINT  
JOHN WARD & SON  
NEW YORK

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1917

H. M. FISHER.....	Plainfield, N. J.
A. J. HEMPHILL.....	New York
CHARLES B. LUDLOW.....	New York
THEODORE P. SHONTS.....	New York
E. E. STARBARD.....	New York

### TERMS EXPIRE 1918

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
W. LEON PEPPERMAN.....	New York
F. DE C. SULLIVAN.....	New York
CORNELIUS VANDERBILT.....	New York

### TERMS EXPIRE 1919

THOMAS COCHRAN.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
A. D. JUILLIARD.....	New York
DANIEL G. REID.....	New York
GUY E. TRIPP.....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
THEODORE P. SHONTS.....	New York
CORNELIUS VANDERBILT.....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY	
Chairman of Board—	AUGUST BELMONT, 43 Exchange Pl., N. Y. City
President and Chairman Executive Committee,	THEODORE P. SHONTS
Assistant to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President .....	D. W. ROSS
Secretary.....	H. M. FISHER
Treasurer.....	J. H. CAMPBELL
General Counsel.....	RICHARD REID ROGERS
General Attorney.....	JAS. L. QUACKENBUSH
Auditor.....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE  
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.  
Annual Stockholders' Meeting, Fourth Wednesday in September

### MILEAGE JUNE 30, 1917

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings Etc.	Total Single Track
Contract No. 3 :								
Queensboro Subway	9.18	.42	2.59	6.07	.10	....	.53	24.74
White Plains Road	4.49	...	....	4.49	....	....	.33	13.80
Jerome Avenue....	3.93	....	....	3.93	....	....	.28	12.07
Seventh Avenue...	.49	.26	.23	....	..	....	....	.72
Total, Contract No. 3.	18.09	.68	2.82	14.49	.10	....	1.14	51.33
Subways, Contracts Nos. 1 and 2.....								
	25.72	.63	10.41	7.18	7.50	....	12.30	85.29
Manhattan Division..	37.67	....	7.23	27.93	2.30	.16	21.29	129.64
Total.....	81.48	1.31	20.51	49.60	9.90	.16	34.73	266.26

#### ADDED DURING THE YEAR

	Length of Road	Total Single Track
Queensboro Subway—From Hunters Point Avenue to Queensboro Plaza .....	1.03	2.40
Astoria Line—Queensboro Plaza to Ditmars Avenue..	2.33	6.87
Corona Line—Queensboro Plaza to Alburtis Avenue..	4.21	12.61
White Plains Road Line—179th Street and Boston Road to E. 238th Street and White Plains Road.....	4.49	13.80
Jerome Avenue Line—149th Street and Mott Avenue to Kingsbridge Road.....	3.93	12.07
Seventh Avenue Line—Times Square to Pennsylvania Railroad Station .....	.49	.72
Total .....	16.48	48.47

# ANNUAL REPORT

## OF THE

# Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1917.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1917.

The comparative income account for the years ended June 30, 1917 and 1916, is:

### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1917	1916	Increase Decrease*
Gross Operating Revenue.....	\$39,866,146.44	\$35,891,528.29	\$3,974,618.15
Operating Expenses.....	16,583,293.18	14,008,165.97	2,575,127.21
Net Operating Revenue.....	\$23,282,853.26	\$21,883,362.32	\$1,399,490.94
Taxes .....	2,871,384.83	2,341,606.64	529,778.19
Income from Operation.....	\$20,411,468.43	\$19,541,755.68	\$869,712.75
Non-Operating Income.....	559,076.73	580,830.88	*21,754.15
Gross Income.....	\$20,970,545.16	\$20,122,586.56	\$847,958.60
Income Deductions.....	12,085,186.64	11,409,259.57	675,927.07
Net Corporate Income for the Year...	\$8,885,358.52	\$8,713,326.99	\$172,031.53
Add Contract No. 3.....	217,295.86	178,687.67	38,608.19
	\$9,102,654.38	\$8,892,014.66	\$210,639.72
Add:			
Surplus, June 30, 1916, and June 30, 1915..	\$17,530,977.89	\$15,509,108.58	\$2,021,869.31
Tax Refund and Other Credits.....	53,264.81	258,740.72	*205,475.91
Totals .....	\$26,686,897.08	\$24,659,863.96	\$2,027,033.12
Appropriated for:			
Taxes Prior Years, Amortization, Capital Retirements, Strike Expenses and Other Charges.....	\$2,070,952.80	\$128,886.07	\$1,942,066.73
Dividends .....	7,000,000.00	7,000,000.00	
Total Appropriations.....	\$9,070,952.80	\$7,128,886.07	\$1,942,066.73
Profit and Loss—Surplus.....	\$17,615,944.28	\$17,530,977.89	\$ 84,966.39

The results from operations are shown in the following:

### Statement of Operations for the Year Ended June 30, 1917

Gross Operating Revenue.....	\$39,866,146.44
Operating Expenses.....	16,583,293.18
Net Operating Revenue.....	\$23,282,853.26
Taxes .....	2,871,384.83
Income from Operation.....	\$20,411,468.43
Non-Operating Income.....	559,076.73
Gross Income .....	\$20,970,545.16
Interest and Sinking Fund on City Bonds.....	\$2,375,714.65
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	3,572,515.06
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,360.00
Interest on Manhattan Railway Second Mortgage 4% Bonds .....	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Com- pany Capital Stock.....	4,200,000.00
Interest on Unfunded Debt.....	37,600.00
Other Rent Deductions.....	36,554.22
Interest on Investment of Depreciation Reserve.....	18,897.36
Amortization of Debt Discount and Expense on Man- hattan Railway Second Mortgage 4% Bonds.....	625.35
Total Income Deductions.....	12,085,186.64
Net Corporate Income.....	\$8,885,358.52
Add: Contract No. 3.....	217,295.86
Dividends on Interborough Rapid Transit Company Stock (20%) .....	\$9,102,654.38
Surplus .....	\$7,000,000.00
Per Cent., Expenses to Earnings.....	\$2,102,654.38
Passengers Carried.....	41.60
	763,574,085

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1917, was \$39,866,146.44, as compared with \$35,891,528.29 last year, an increase of \$3,974,618.15 or 11.07%, the result of a gain on the Subway Division of \$2,097,640.11 or 10.83%, and on the Manhattan Railway Division of \$1,876,978.04 or 11.35%.

## **Operating Expenses**

Operating Expenses were \$16,583,293.18 as compared with \$14,008,165.97 last year, an increase of \$2,575,127.21 or 18.38%, of which \$1,242,410.57 was on the Subway Division, caused by an increase of 1,407,104 in the car mileage operated, including the new lines opened under Contract No. 3, the general tendency to increased cost of labor and materials and to an increase of 16.48 in the number of miles of road operated at the close of the year.

On the Manhattan Division the increase of \$1,332,716.64 reflects the increasing cost of labor and material, the operation of the third tracks throughout the year against operation thereof for five and one-half months of the previous fiscal year, and the increase of 2,683,653 in car miles operated.

## **Net Operating Revenue**

The Net Operating Revenue was \$23,282,853.26, as compared with \$21,883,362.32 last year, an increase of \$1,399,490.94 or 6.39%, the result of a gain on the Subway Division of \$855,229.54 or 6.85%, and a gain on the Manhattan Railway Division of \$544,261.40 or 5.79%.

## **Taxes**

The total amount of taxes was \$2,871,384.83 as compared with \$2,341,606.64 last year, an increase of \$529,778.19 or 22.62%; Subway Division shows an increase of \$297,881.80 or 59.15%, as the result of the increase in the rate of Federal Income Tax and the adoption of the new Federal Capital Stock and Excess Profits Taxes.

Manhattan Railway Division shows an increase of \$231,896.39 or 12.61%, due to the increase in the Special Franchise Tax, the City and State Taxes on Capital and Earnings, Real Estate Taxes and also to the increased rate of the Federal Income Tax and the adoption of the Excess Profits Tax by the Federal Government.

## **Income From Operation**

Income from operation was \$20,411,468.43 as compared with \$19,541,755.68 last year, an increase of \$869,712.75 or 4.45%, the result of a gain on the Subway Division of \$557,347.74 or 4.65%, and a gain on the Manhattan Railway Division of \$312,365.01 or 4.13%.

### **Non-Operating Income**

Non-Operating Income was \$559,076.73 as against \$580,830.88 last year, a decrease of \$21,754.15 or 3.74%, due principally to the decrease in interest on bank balances and loans, reflecting the temporary advances from General Cash for the purposes of construction of Manhattan Third Tracks and Power Plant Improvements.

### **Gross Income**

Gross Income was \$20,970,545.16 as compared with \$20,122,586.56 last year, an increase of \$847,958.60 or 4.21%, the result of a gain on the Subway Division of \$573,384.33 or 4.61%, and a gain on the Manhattan Railway Division of \$274,574.27 or 3.57%.

### **Income Deductions**

Income Deductions were \$12,085,186.64 as compared with \$11,409,259.57 last year, an increase of \$675,927.07 or 5.92%, the details of which are set out on Page No. 32.

### **Surplus**

The Surplus over Dividends of 20% on the Capital Stock was \$2,102,654.38, a gain of \$210,639.72 over the previous year.

### **Traffic**

The number of passengers carried was 763,574,085 compared with 683,752,114 last year, an increase of 79,821,971 or 11.67%, the result of a gain on the Subway Division of 42,688,674 or 11.49%, and on the Manhattan Railway Division of 37,133,297 or 11.89%.

The gain on the Subway Division was contributed to the extent of 36,058,243 passengers by the old subway lines and 6,630,431 passengers by the lines constructed and equipped under Contract No. 3.

The Manhattan Division continued to show the increases resulting from the operation of the completed third tracks on the Second, Third and Ninth Avenue Lines, while both divisions were favorably affected by the strike on surface lines in the summer of 1916.

### **Maintenance**

The structure, roadway, power houses, electrical equipment and rolling stock, on both the Manhattan and Subway Divisions, have been efficiently maintained during the year, the sum of \$3,923,195 having

been expended for that purpose. The principal items of maintenance work include the renewal of steel rails on three miles of single track and the renewal of 22,514 ties on the Manhattan Division, and 15.58 miles of steel rails and 4,016 ties on the Subway Division. The structure of the Manhattan Division was reinforced and renewed where necessary, and station platforms and stairways extended and reconstructed at points where additional accommodations and convenience to passengers could be secured. On the Subway Division various improvements were made, such as added protection to cables crossing under tracks, extension of stairway and kiosk railings, additional station ventilating facilities, re-arrangement of crossovers for the convenience of operation, and the construction of small buildings at different points for the accommodation of employes and materials. At the various power stations condensers on the low pressure turbines are being retubed to prevent deterioration, reactance coils relocated to eliminate possible loss of transformers in case of short circuit and direct current cables relocated and manholes enlarged to minimize loss in connection with burnouts. Meters are also being installed in car barns and other buildings for the purpose of economizing in the consumption of current.

#### Financial

	1917	1916	+Increase
Capital Stock.....	\$ 35,000,000	\$ 35,000,000	
First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, due January 1, 1966.....	160,585,000	148,658,000	\$+11,927,000
Totals .....	<u>\$195,585,000</u>	<u>\$183,658,000</u>	<u>\$+11,927,000</u>

The First and Refunding 5% Gold Bonds dated January 1, 1913, above referred to, were issued for the following purposes:

To provide funds for Subway Contribution under Contract No. 3, dated March 19, 1913.....	\$ 79,144,000
To provide funds for Elevated Third Tracking under Certificate dated March 19, 1913.....	11,550,000
To provide funds for Elevated Extensions under Certificate dated March 19, 1913.....	14,068,000
To provide funds for the Manhattan Division Power Plant Improvements .....	3,208,000
For the Refunding of \$15,000,000 notes due May 1, 1913, and the Forty-five Year Mortgage 5% Gold Bonds called November 1, 1913.....	52,615,000
	<u>\$160,585,000</u>

The Sinking Fund of one-half of 1% semi-annually on the First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, does not commence to accrue until January 1, 1918, the first payment into the fund becoming due July 1, 1918.

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London stock exchanges.

Coupons are payable at the office of the Treasurer, Room 621, No. 165 Broadway, New York City.

### **Additions and Betterments**

Betterments during the year show a net increase in the capital account of \$29,811,729.88, the particulars of which will be found set out in detail on page 33. They include the Company's contribution towards construction of the new subway lines, extensions and additions to the shop, power house and station facilities, additional emergency exits, ventilating shafts, duct lines and cable connections on the old system, enlargement of Power House units, and the construction and equipping of new sub-stations, feeder cables, passenger stations, switch towers, signal mains and other auxiliary equipment forming part of the new system. 90 of the 311 steel passenger cars which were purchased for use on the new subway lines have been placed in service; 58 on the Queensboro Line and 32 on the Jerome Avenue extension of the Lexington Avenue Line. During the year 477 additional steel passenger cars have been ordered for use on new subway lines, being built under Contract No. 3, and delivery of this lot of cars is expected to begin in October. This makes a total of 800 steel passenger cars purchased for operation of the new subway lines.

### **Fire Insurance**

Fire insurance is carried on all properties of the company.

The fire prevention service mentioned in our previous reports, consisting of rigid inspections, reports and drills has been continued with the result that there have been no fire losses of importance, either to rolling stock or fixed properties, during the past year.

## Real Estate

Your improved properties have continued well rented during the year. A settlement of \$150,000.00 was agreed upon with the City in payment for the sub-surface easement for subway two-track right of way which the City had commenced proceedings to condemn, under the property which you occupy under lease from the Manhattan Railway Company, at the southeast corner of Greenwich and Morris Streets.

The property at Nos. 122-124-126 Park Row, near Brooklyn Bridge, size 49' 4 $\frac{1}{4}$ " x 107' irregular, was purchased for \$95,000.00, with the approval of the Public Service Commission, as a site for new Sub-Station No. 11, to serve the lines on the lower east side of Manhattan. This Sub-Station is to take the place of old Sub-Station No. 11, which stands in the rear of property now acquired, at No. 31 City Hall Place, which was taken in condemnation by the City as part of the Court House site, and for which the Court awarded you \$323,691.00.

Store space constructed in connection with, and as part of your Fordham Road Elevated Station, Third Avenue Line, has been partly rented for a term of years at a rental of \$3,750.00 per year.

Proceedings in condemnation will be completed early in the Fall to acquire the sub-surface easement for the Eighth Avenue and 162nd Street connection, between Sedgwick Avenue and 162nd Street, Bronx, physical possession of which has been granted by the Court, and construction work is proceeding rapidly. All of the private right of way for this Line was purchased at private sale with the exception of the short stretch from Sedgwick Avenue into 162nd Street.

The triangular plot at the north junction of Atlantic and Flatbush Avenues, Brooklyn, adjoining the Flatbush Avenue island station, opposite the Long Island Railroad Depot, comprising 84 square feet, was leased for a term of years to D. A. Schulte, Inc., which has constructed a substantial building on the property, under the supervision of our Chief Engineer and with the approval of the Public Service Commission; the tenant paying a rental of \$4,250.00 per year, or \$50.00 per square foot, per year. The building reverts to us at the end of the lease, and the tenant insures it in our favor in the meantime.

At our request the City has purchased the block between 147th and 148th Streets, Seventh and Lenox Avenues, containing approximately 52 lots, as an addition to the 148th Street Subway Yard.

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Title to the following property for sub-station sites under Contract No. 3 will vest with the City under the terms of said contract:

The property at 77-79 Murray Street, size 49' 8 $\frac{3}{4}$ " x 100', was purchased from Trinity Church and others for \$92,500.00, with the approval of the Public Service Commission, as a site for Sub-Station No. 40, which will serve your lines on the lower west side of Manhattan.

The property at Nos. 150-152-154 West 16th Street has been taken, under right of eminent domain, with the approval of the Public Service Commission, the owners having asked exorbitant prices, as a site for Sub-Station No. 41; the size of the plot is 62' 6" x 103' 3". This station will help to serve your lines on the west side in conjunction with similar stations approximately two miles above and below it. The report of the Commissioners in condemnation dated June 30th, 1917, fixed the awards to the owners at \$56,200.00.

The property at No. 113 East 18th Street, near Fourth Avenue, size 16' x 92', was purchased for its assessed value of \$20,000.00, with the approval of the Public Service Commission. The property is needed for the enlargement of Sub-Station No. 12, in the rear of the property purchased, on 19th Street.

The property at Nos. 150-152 East 57th Street, size 32' x 120' 5" irregular, between Lexington and Third Avenues, was purchased with the approval of the Public Service Commission as part of the site for Sub-Station No. 42. \$42,000.00 was offered for the remainder of the necessary site, consisting of No. 154 East 57th Street, size 25' x 120' 5" covered by an old building; the land and building being assessed by the City at \$35,000.00. The Owner and tenant refused the offer, and condemnation proceedings were started and possession of the property for the construction of the Sub-Station was granted by the Court. This station will serve the new Lexington Avenue Subway, and your other east side and Queens Borough lines.

The property at Nos. 351-353-355-357 East 139th Street, size 66.67' x 100' was condemned, with the approval of the Public Service Commission, as a site for Sub-Station No. 43. The property was assessed by the City at \$21,000.00. The report of the commissioners in condemnation, dated June 18th, 1917, awarded the owners

\$29,916.66 for their property, which while excessive, it has been deemed advisable not to appeal.

The property No. 2633 Jerome Avenue, near Kingsbridge Road, size 100' x 113', was purchased, with the approval of the Public Service Commission, for \$26,000.00 as a site for Sub-Station No. 45, to serve the Jerome Avenue Line.

### **Manhattan Elevated Improvements**

The third tracking of the elevated lines is practically completed and the reconstructed lines have been in operation for about a year and a half. The station at 155th Street and Eighth Avenue cannot be completed until the joint station of this Company and the New York Central Railroad Company at Sedgwick Avenue, now in course of construction, is ready for operation. Certain reconstruction work remains to be done on the Ninth Avenue Line at Cortlandt Street and Battery Place stations, but this work cannot be started until the subway now being built has progressed far enough to permit shoring of the structure.

The work of strengthening the elevated structures for the purpose of carrying the heavier equipment is completed. This required remodeling connections of center track stringers to cross girders in 360 spans, renewing cross girders at eight points and reinforcing center track girders in twenty-one spans on the Third Avenue Line between 5th and 129th Streets, and reinforcing the center track on the Second Avenue Line by double latticing center track longitudinal girders in 354 spans between Chatham Square and 127th Street.

The installation of interlocking plants, together with interlocking signals connected therewith on local and express tracks, block signal system on express tracks, and signaling on local track curves of the Second, Third and Ninth Avenue Lines, is making good progress.

The work of constructing circuit breaker houses and the installation therein of electro-pneumatic remote control circuit breakers, removal and rearrangement of existing positive and negative feeder cables and the installation of new positive and negative feeder cables on the Second, Third and Ninth Avenue Lines made necessary on account of sectionalizing the contact rail, is also progressing favorably.

### **Interborough Elevated Extensions**

The West Farms Subway Connection, extending from the Third Avenue Line at 143rd Street through private right-of-way, Willis and Bergen Avenues and over the present subway to a connection with the Manhattan-Bronx Rapid Transit Line at Westchester Avenue and the Queensboro Bridge Line connecting the Second Avenue Line at 59th Street with the elevated lines in Queens at Queensboro Bridge Plaza are practically completed.

The Eighth Avenue and 162nd Street Connection which connects the Sixth and Ninth Avenue Lines at 159th Street and Eighth Avenue with the Jerome Avenue Line at River Avenue north of 162nd Street, is about 30% completed. A portion of this line runs through a tunnel between Sedgwick Avenue and Jerome Avenue. The heading of this tunnel has been driven through but the rock excavation is not yet completed.

The Webster Avenue Line connecting the Third Avenue Line north of Fordham Road extending through Webster Avenue and Gun Hill Road to White Plains Road where it connects with the elevated structure and White Plains Road, is in course of construction. About 70% of the foundation work is completed and some of the steel has been delivered but has not yet been erected.

### **New Subway Construction**

For the purpose of this article the lines are described in sections as follows:

**Seventh Avenue Line**, from a connection with the present Subway at Broadway and 45th Street via Seventh Avenue, Seventh Avenue extension, Varick Street, West Broadway, Greenwich Street and Battery Park to South Ferry.

**Park Place Line**, from a connection with the Seventh Avenue Line at West Broadway through Park Place, William and Clark Streets to Borough Hall, Brooklyn.

**Eastern Parkway Line**, from a connection with the present Subway at Atlantic Avenue, Brooklyn, via Flatbush Avenue, Eastern Parkway, East 98th Street and Livonia Avenue to New Lots Avenue, including the Nostrand Avenue extension from Eastern Parkway to Flatbush Avenue.

**Lexington Avenue Line**, from a connection with the present subway at Park Avenue and 38th Street northerly via, Lexington, Mott, River and Jerome Avenues to Woodlawn Road, including White Plains Road extension from a connection with the present Subway at 177th Street and Boston Road to 241st Street, and Westchester Avenue

extension from East 138th Street via Southern Boulevard, Whitlock and Westchester Avenues to Pelham Bay Park.

The 7th Avenue Line from a connection with the present Subway at Broadway and 45th Street to West Broadway and Vesey Street, which was 80% completed last year, is now 94% completed.

The two track extension from Vesey Street to South Ferry, which was 77% completed last year, is now 94.5% completed.

The Park Place Line from West Broadway to a connection with the present subway at Borough Hall, Brooklyn, which was 52% completed last year, is now 87% completed.

The Eastern Parkway Line, Brooklyn, from the terminus of the present subway at Atlantic Avenue to Nostrand Avenue, which was 46% completed last year, is now 70% completed.

The Nostrand Avenue extension which was 14% completed last year, is now 55% completed.

The Eastern Parkway Line from Nostrand Avenue to Buffalo Avenue, which was 17% completed last year, is now 58% completed.

From Buffalo Avenue to New Lots Avenue, contract for which had not been let last year, is now 17% completed.

The Lexington Avenue Line from a connection with the present subway at Park Avenue and 38th Street to Lexington Avenue and 42nd Street, which was 60% completed last year, is now 83% completed.

The part of the connection from 42nd to 43rd Streets and Lexington Avenue, is completed.

The Section from 43rd Street to 53rd Street, on Lexington Avenue, which was 58% completed last year, is now 82% completed.

The section from 53rd Street via Lexington Avenue, Mott and Girard Avenues to 157th Street, is completed.

The connection between the old and new subways at Mott Avenue and 149th Street, which last year had not been placed under contract, is 15% completed.

The Jerome Avenue extension from 157th Street to Woodlawn Road, is completed.

The Southern Boulevard and Westchester Avenue extension from Alexander Avenue and 138th Street to Bancroft Street, is 95% completed. The remaining portion of this line from Bancroft Street is 4.3% completed.

The White Plains Road extension extending from a connection with the present subway at 179th Street and Boston Road to East 241st Street and White Plains Road, is practically completed.

### **New Subway Equipment**

The equipping of the new subway lines and the station finish and track installation work are progressing as rapidly as construction work will permit. The status is given below by divisions:

#### **Queensboro Subway Line**

Contact Rail, Structure and Track Rail Bonding: All completed.

Ventilation: Contract for the installation of a ventilating plant at Shaft No. 4, Long Island City, has been let and work is now going forward.

Drainage: A temporary compressor plant has been installed at the foot of East 42nd Street for the operation of drainage equipment in the tunnel.

Elevators: The installation of three passenger elevators between the platform of the Grand Central Station and the mezzanine platform of the present subway, is completed.

Escalators: A sample escalator has been completed by the Otis Elevator Company, and if successful, will be erected at the Woodside Avenue station.

Telephone, Emergency Alarm, Blockade Signal, Clock and Lighting System: Practically completed.

Signal and Interlocking Plants: An additional crossover has been placed in operation at Shaft No. 2, Grand Central Terminal, making it possible to use both tracks. Signal power mains are practically completed. The automatic signals between Jackson Avenue station and Queensboro Bridge Plaza and the interlocking plant at Hunters Point Avenue have been placed in service. At all other interlocking plants, which are located east and west of Queensboro Bridge, south of Beebe Avenue, Ditmars Avenue Terminal, West of Rawson Street, West of Fisk Avenue and at Alburdis Avenue Terminal, work is being delayed by construction of the signal towers. All material is on hand.

Station Equipment: The work of installing cancelling boxes, signs, side door indicators, settees, etc., emergency tools and wrecking equipment on the various stations, is about 85% completed.

Sub-Station: The construction of sub-station No. 26 at No. 362-4 Jackson Avenue, Long Island City, a steel and brick building with basement, is completed, and sub-station machinery installed and placed in operation.

Duct Lines and Manholes: Construction of duct lines and manholes between sub-station No. 26 and the elevated structure in Jackson Avenue and Queensboro Bridge Plaza and South Jane Street and Ely Avenue, is completed.

**Station Finish:** Queensboro Plaza to Alburtis Avenue and Queensboro Plaza to Ditmars Avenue, 90% completed; Davis Street and Ely Avenue to Queensboro Plaza, is completed; Grand Central Station, 90% completed; Hunters Point Avenue, 98% completed.

**Track Installation:** Queensboro Plaza to Alburtis Avenue; Queensboro Plaza to Ditmars Avenue and Davis Street and Ely Avenue to Queensboro Plaza, is completed.

### **White Plains Road Line**

**Contact Rail:** Installation from 179th Street and Boston Road to 238th Street, has been completed. The work on the remainder of the line north of 238th Street is held up pending erection of steel work.

**Structure Bonding and Track Rail Bonding:** This work has been completed to 238th Street; north of that point it is being held up pending the erection of new steel work.

**Escalators:** The installation of an escalator at Gun Hill Road station is awaiting a "try-out" of the new type of escalator now being developed by the Otis Elevator Company.

**Telephone, Emergency Alarm, Blockade Signal, Clock and Lighting Systems:** Practically completed with the exception of Gun Hill Road and 241st Street stations, where the work is held up awaiting completion of construction work.

**Signal and Interlocking Systems:** The signal power mains are 90% completed. The interlocking plant at the junction with the present subway at 179th Street, has been placed in service. This plant operates all switches from south of 177th Street station to the 180th Street Terminal, including the yard switches and replaces two interlocking plants which were previously required to do this work. Work has been begun on the interlocking plant at 180th Street Yard. At the Gun Hill Road interlocking plant work is awaiting the completion of the signal tower. Material has been ordered for the interlocking plants at 238th and 239th Streets Yard but not yet installed.

**Station Equipment:** The work of installing cancelling boxes, signs, side door indicators, settees, etc., emergency tools and wrecking equipment on the various stations is about 70% completed.

**Sub-station:** Construction of Sub-station No. 47 at 211th Street and White Plains Avenue, a steel and brick building, with basement, is completed and the machinery installed, practically ready for operation.

Ducts: The construction of A. C. duct line in White Plains Road, from manhole at the northwest corner of Gun Hill and White Plains Road to sub-station No. 47 and to elevated structure at Bent 306; also D. C. duct line from sub-station No. 47 to elevated structure in White Plains Road, making connections to same at Bents Nos. 307 to 311 inclusive, is completed. The duct line installed under Contract No. 1 and ending at Southern Boulevard and Westchester Avenue has been connected to the duct line installed at Boston Road and East Tremont Avenue constructed under Contract No. 3.

Station Finish: 179th Street and Boston Road to 241st Street, 78% completed.

Track Installation: 179th Street and Boston Road to 241st Street, is completed.

### **Lexington Avenue Line**

Contact Rail: Installation from the south end of 149th Street to Kingsbridge Road, has been completed. That portion north of Kingsbridge Road, is held up pending the completion of track work; south of 149th Street has been completed down to 112th Street; south of 112th Street, is held up pending completion of track work. All the material necessary for this line from 38th Street and Park Avenue to Woodlawn Road, has been delivered, and from 138th Street to Pelham Bay Park, has been ordered.

Structure Bonding: This work has been completed on that portion of the line from 157th Street to Woodlawn Road. Work has not been started on the Pelham Bay Park Line.

Track Rail Bonding: This work has been completed from 53rd Street to 200th Street. Work on the balance of the line is held up pending the completion of track work, with the exception of the Pelham Bay Park Branch where work has not been started.

Drainage System: About 70% of this work is completed. All material has been delivered, but the work is held up pending completion of the subway structure.

Escalators: The escalators at Burnside Avenue station, Jerome Avenue Branch, and at 125th Street Station, Lexington Avenue Line, are awaiting the new device now being developed by the Otis Elevator Company.

Telephone System: Practically completed from 135th Street to 183rd Street station. We expect to complete this work to Woodlawn Road station by September 1st, 1917. From East 42nd Street to 135th Street, all material is on hand and work is progressing, and should be completed by October 1st, 1917.

Material has been ordered for the Pelham Bay Park Branch from East 135th Street to Pelham Bay Park, but the work has not yet been started. Expect to have same completed shortly after structure has been erected.

Emergency Alarm, Blockade Signal and Clock Systems: Practically completed from 135th Street to 183rd Street station, and it is expected to be completed to Woodlawn Road station by September 1st, 1917. From East 42nd Street to 135th Street, all material is on hand and work is progressing. It is expected to complete same by October 1st, 1917. Material has been ordered for the Pelham Bay Park Branch, but work has not yet been started. Same will be completed shortly after structure has been erected.

Lighting System: This work is practically completed from 135th Street to 183rd Street station. Expect to complete to Woodlawn Road Station by September 1st, 1917. From East 42nd Street to 135th Street, all material is on hand and work is progressing. Expect to complete same by October 1st, 1917. Material has been ordered for the Pelham Bay Park Branch, but work has not yet been started. Expect to complete shortly after completion of structure.

Signal and Interlocking Systems: All material has been ordered and is now being delivered for use between East 42nd Street and 135th Street. The signal power mains are being installed and the work is 25% completed. Work is progressing on interlocking plants north of 59th Street, north of 86th Street, upper and lower levels, south of 110th Street, south of 125th Street and north of 125th Street. Work has not yet been started on the interlocking plant north and south of Grand Central Station as the construction work is not finished at these points. Work has been commenced on the Block Signal System. All work is progressing as rapidly as the delivery of material will permit. All material has been ordered and a large portion of it received for use between East 135th Street and Woodlawn Road. The signal power mains are about 80% completed. Work is progressing on all the interlocking plants on this line. They are located south and north of Mott Haven Station, north of 149th Street, south of 167th Street, north of Fordham Road and south of Woodlawn Road. Work on the last three named is being delayed awaiting the completion of the signal towers, but it is expected they will be finished about three months after the towers are completed. The Block Signal System is about 10% completed. Plans for the block signal system and interlocking plants between East 135th Street and Pelham Bay Park have been prepared and approved and requisitions issued for the material, none of which has yet been received.

**Station Equipment:** The work of installing cancelling boxes, signs, side door indicators, settees, etc., emergency tools and wrecking equipment on stations between East 135th Street and Woodlawn Road is progressing; between East 42nd Street and 135th Street and East 135th Street and Pelham Bay Park, work has not yet been started.

**Sub-stations:** Construction of sub-station No. 43 at Nos. 351-357 East 139th Street, No. 44, River Avenue, near 162nd Street, and No. 45, Jerome Avenue, near Kingsbridge Road, brick and steel buildings, with basement, is progressing.

**Ducts:** Construction of duct line in 99th Street from sub-station No. 7 to cable shaft on Lexington Avenue between 98th and 99th Streets, and to manhole at Northwest corner of 3rd Avenue and 99th Street, is completed. Construction of duct line crossing Jerome Avenue from sub-station No. 45, No. 2633 Jerome Avenue, to manhole located at about the east curb near the center of 193rd Street, is progressing. Construction of duct line from sub-station No. 44, River Avenue and 162nd Street to P. S. C. manhole in River Avenue, is completed. Construction of duct line connecting sub-station No. 43 on the north side of East 139th Street with the subway in East 138th Street, has not yet been started.

**Station Finish:** 43rd to 106th Street, 51% completed; 106th Street to 157th Street, 76% completed; Jerome Avenue Line, 157th St. to Woodlawn Road, 78% completed; Southern Boulevard Line from Alexander Avenue and 138th Street to Brancroft Street, 10% completed.

**Track Installation:** Lexington Avenue and 43rd Street to Woodlawn Road, connection between present subway at 38th Street and Park Avenue and Lexington Avenue lines, 63% completed.

### **Seventh Avenue Line**

**Contact Rail:** Has been installed on the two westerly tracks from Times Square to the Pennsylvania Railroad Station. Work is now going forward on the remainder of this line, all material having been delivered.

**Track Rail Bonding:** This work has been completed from Times Square to Beach Street. The balance of the work is now held up on account of track work not being completed.

**Drainage:** The drainage installation is 50% completed. Practically all of the material has been delivered.

**Escalators:** The erection of escalators at Park Avenue and Borough Hall stations is awaiting the development of a new type, applicable to these stations, by the Otis Elevator Company.

**Elevators:** Bids have been asked for the erection of two elevators from the mezzanine level of the Henry Street Station to the street level in the St. George Hotel, Brooklyn.

**Telephone, Emergency Alarm, Blockade Signal, Clock and Lighting Systems:** Material for this work ordered but work has not yet been started.

**Signal and Interlocking Systems:** All material has been ordered for work between South Ferry and West 43rd Street and the signal power mains are being installed as rapidly as the construction of the tunnel will permit. The work is about 75% completed. The delivery of the block signal and interlocking material has commenced. Plans for the Clark Street Tunnel Branch, West Broadway and Park Place to Borough Hall, Brooklyn, have been prepared and submitted to the Public Service Commission for approval. Material has been ordered.

**Station Equipment:** The work of installing cancelling boxes, signs, side door indicators, settees, etc., emergency tools and wrecking equipment on the various stations, has been started.

**Sub-stations:** Construction of sub-station No. 40 at Nos. 77-79 Murray Street and No. 11 at Nos. 122-126 Park Row, brick and steel buildings, is progressing.

**Station Finish:** South Ferry to 16th Street, 13.1% completed; 16th Street to 45th Street and connection between present subway and the Lexington Avenue and Queensboro subway lines, 18% completed. Park Place and Beekman Street to Old Slip, contract awarded.

**Track Installation:** South Ferry to 45th Street; Park Place, Beekman and William Streets, and Clark and Fulton Streets, Brooklyn, to Borough Hall, 38% completed.

### **Eastern Parkway Line**

**Contact Rail:** Plans have been completed and the material ordered and part of same has been received. A storehouse for this material has been located at Bergen and Dean Streets and Franklin Avenue.

**Drainage System:** Plans have been completed and the material ordered and part of same has been received.

**Structure and Track Rail Bonding:** No work has been done owing to the fact that the structures and tracks of the system are not yet ready. All material has been ordered and part received.

**Telephone, Emergency Alarm, Blockade Signals, Clock and Lighting Systems:** Material has been ordered but work not yet started.

**Signal and Interlocking Systems:** Plans have been approved by the Public Service Commission and material has been ordered.

**Station Equipment:** Material such as cancelling boxes, signs, side door indicators, settees, etc., emergency tools and wrecking equipment, has been ordered.

**Station Finish:** Flatbush Avenue and St. Felix Street to Buffalo Avenue, contract awarded.

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**Telephone Central Office:** Installation of equipment in new central office in sub-station No. 7, is practically completed.

**Yards:** Yards are to be constructed at the following points: 239th Street, East 180th Street, Jerome Avenue, Pelham Bay Park Line, Corona Line and Livonia Avenue Line. Plans are being prepared covering the general lay-out of tracks and buildings for these yards, but actual work has not yet been started.

### **New Lines Placed in Operation During the Year**

Queensboro Subway from Jackson Avenue to Queensboro Plaza, Long Island City, was opened November 5th, 1916.

Astoria Line from Queensboro Plaza to Ditmars Avenue, was opened February 1st, 1917. Second Avenue Elevated trains are now operated over the Queensboro Bridge Line (opened July 23, 1917) to Ditmars Avenue station, Astoria. Through service between Ditmars Avenue and South Ferry is operated during the morning and afternoon rush hours. At other hours of the day when Second Avenue trains are in operation, passengers for Queensboro transfer at 57th Street and Second Avenue station. Passengers to and from Corona using this new service transfer at the Queensboro Plaza station, Long Island City.

Corona Line from Queensboro Plaza to Alburdis Avenue was opened April 21st, 1917. The Queensboro Subway Line is now operated from a connection with the present subway at Grand Central Station to Alburdis Avenue Station, Corona. Subway passengers to and from Astoria transfer at the Queensboro Plaza station, Long Island City.

White Plains Road Line was opened from 177th Street and Boston Road to East 219th Street March 3rd, 1917, and to 238th Street March 31st, 1917.

Seventh Avenue Line: On June 3rd, 1917, shuttle train service was inaugurated between Times Square station at 42nd Street and the Pennsylvania Railroad Station at 32nd Street and 7th Avenue.

Lexington Avenue Line (Jerome Avenue): On June 2nd, 1917, a portion of the Jerome Avenue Branch, from 149th Street and Mott Avenue to Kingsbridge Road station, was placed in service.

West Farms Subway Connection: (Opened July 1st, 1917), diverges from the existing Third Avenue Elevated Railroad at about 143rd Street; extending through private property and Willis and Bergen Avenues to a point near 149th Street; thence northeasterly crossing 149th Street over a public place, Gerard Street, the right of way of the existing Manhattan Bronx Rapid Transit Railroad and private property to a point near the intersection of Brook and Westchester Avenues, where a connection is made with the West Farms Division of the present subway structure.

### Manhattan Easements Litigation

The Company has acquired the street easements of light, air and access required for third tracking improvements upon its Manhattan elevated railway lines covering approximately 95% of the entire frontage involved.

Pursuant to the decisions of the courts, it was necessary to institute condemnation proceedings covering 29% of the entire frontage. With the exception of 2½% of this frontage, this litigation already has been disposed of by settlement, and in no case has a judgment been obtained against us, excepting in proceedings brought to effect settlements previously entered into.

The aggregate cost of acquiring these easements has been \$3,091,138, and in view of the relatively small frontage now outstanding, it seems probable that the total cost will be materially less than the original estimate of \$4,000,000.

### Injuries and Damages

	1917	1916	Increase
Claims, Suits and Judgments.....	\$585,981.26	\$476,184.08	\$109,797.18
Expenses .....	255,195.56	210,782.12	44,413.44
	<u>\$841,176.82</u>	<u>\$686,966.20</u>	<u>\$154,210.62</u>

The increase in expenditures for accidents is due to conditions arising out of the strike and our efforts to prevent litigation by prompt settlement of claims.

The total disbursements for injuries and damages and expenses amounted to 2.25% of the gross passenger receipts, an increase of 0.34% over 1916.

### General Remarks

During the past year the Interborough Lines carried 763,574,085 passengers, an increase of 79,821,971, in the face of an increase the previous year of 36,373,848. Deducting the increase in the number of passengers carried on the new lines constructed and equipped under Contract No. 3 and placed in operation, there remains an increase of 73,191,540 passengers for the old system, which is 10.75% greater than the passenger traffic for the old system last year, in which were included five and one-half months' operation of the new elevated third tracks, and compares with an average annual increase for the past ten years of 5.69%. The average increase per diem was 223,809 passengers, while the daily increase in gross earnings was \$11,158, against an increase in operating expenses of \$7,160. An analysis of the traffic figures shows a fairly equal distribution of the increase over the entire period, indicating that it is not attributable to unusual causes but that it represents a permanent growth due to improved facilities and greater travel per capita. It is this greater number of rides per capita, taken in connection with the ever increasing population and demand for quick service which makes the rapid extension of subway and elevated lines so necessary to the public and essential to the city's welfare.

Operating expenses increased \$2,575,127.21. This includes the operating expenses of the new subway lines placed in operation during the year, increase in wages amounting to approximately \$1,600,000, added operating costs due to advance in the price of materials, and the cost of the additional car mileage made necessary by increased traffic.

There was an increase in deductions of \$1,205,705.26, composed principally of an increase of \$529,778.19 in taxes, and \$627,439.29 in interest charges. Notwithstanding these increases the ratio of fixed charges (including taxes) to gross earnings has been reduced during the year from 38.31% to 37.51%. This is a continued reduction since 1909, when the ratio was 44.57%, and is due to increased density of traffic and to the inauguration of improvements contributing in an unusual degree to the economical earning power of your property.

After the payment of 20% dividends on the capital stock of the Company there remained a net surplus for the year of \$2,102,654.38, an increase of \$210,639.72 over the previous year.

First and Refunding Mortgage 5% Bonds were applied for during the year in the amount of \$41,917,772, and subsequently authorized by the Public Service Commission to the amount of \$39,489,000. This additional issue of bonds was required for the purpose of rounding out the system of rapid transit lines, including the proper equipment thereof, so as to secure the full benefits of the constantly increasing travel and the advantages of economic operating conditions; to make available at all times an excess of power over and above the Company's normal requirements to meet emergencies and fluctuations of travel and to meet the tremendous increases in the cost of materials and labor incident to war conditions. Owing to the rapid growth of traffic during the period of construction and the consequent greater density which will have to be met and provided for at the time of initial operation, it was necessary to purchase 100 more subway cars than originally contemplated, together with increased equipment in the nature of sub-stations, power plant machinery and transmission lines. Economies have been made possible by the installation of power units of larger capacity, capable of generating power at a much lower cost, including accompanying transmission, conversion and distributing systems, thus providing for future as well as present increased demands. The signal system as proposed in 1910-1911 was based on the original subway installation. Further experience in operation and construction suggested a rearrangement of and additions to these signals and blocks for the purpose of obtaining a still greater degree of safety as well as greatly increased train capacity.

The increase over the estimated cost of third-tracking, extensions and express stations of the Elevated System including the installation of block signals, sectionalizing of third rail, feeder cables, etc., subsequently ordered by the Public Service Commission, was principally due to changes and additions thought essential as the work progressed, due to advance in the art of electrical development, and for the purpose of securing more flexibility, cheaper maintenance and increased capacity. The 477 composite cars transferred from the Subway to the Elevated Lines have 30% greater maximum carrying capacity than the old type, and while their operation entailed a number of changes in the elevated structure and equipment, these changes are adapted to the operation of other new and improved equipment in the future.

The entire method of carrying on the work of construction and equipment was based on the theory of efficiency and economy of

operation and adequate provision for future traffic requirements. To this end no efforts were spared in creating a system capable of performing the maximum of service with the greatest safety and convenience to passengers. The interest and sinking fund on this increased cost is added to the preferential allowed by the City.

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In the summer of last year the management suggested that an organization of the employes be formed to afford a channel of communication between the officers and the men. This plan met with the approval of the employes, resulting in the formation of the Brotherhood of Interborough Rapid Transit Company Employes. On August 17, 1916, fifty-four representatives were elected as a general committee, 9,800 employes out of 11,700 voting. A constitution was adopted, and, at the request of the Brotherhood, your board of directors approved it on August 30, 1916. Through the instrumentality of this organization a method for the amicable adjustment of all questions as to wages and working conditions has been reached. Over 90% of the employes of the Company have become members. This organization has fully justified the expectations of the management in promoting the welfare of the men, and has strikingly demonstrated that the adjustment of grievances is better left to the employes' own organization without the interposition of any outside body.

Following the formation of the Brotherhood, and after a full discussion between its committees representing the employes and the officers of the Company it was decided, in order to insure continuous and uninterrupted service to the public, that the Company and the employes would enter into contract with each other. These working agreements gave substantial benefit to the men and were signed in a few days by 9,500 out of 11,700 men. An outside organization, known as the Amalgamated Association of Street and Electric Railway Employes, claiming to represent the employes of this Company, then demanded that these contracts be cancelled. The management refused to accede to this demand, which meant that this outside union wished to supplant, and fasten itself upon the men's own organization, formed by them by a vote of 9,800 out of 11,700 men, and attempted to deprive this overwhelming majority of their right to make a contract satisfactory to themselves.

The Amalgamated Association, thereupon issued a strike order effective on the night of September 6, 1916. Notwithstanding this

attempt to tie up our lines, normal service was maintained from the start. Strikes were also called on the surface lines adjacent to our routes, causing an unusually heavy passenger traffic which was, however, safely and expeditiously handled.

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The wages of employes in the Maintenance of Way Department were increased July 1st and 2nd, 1916, in the sum of \$36,500 per annum, and on August 1st, 1916, a new schedule was adopted increasing the rates of pay of employes in the Transportation Department, effective August 1st, 1916, by approximately \$311,000 per annum. On August 30th, 1916, a contract or working agreement embracing a complete schedule of daily and weekly wages, with reduced working hours, applicable to all classes of employes, was entered into between the Company and its employes which established the rate of pay and hours of work to prevail until August 3rd, 1918. This agreement involved an increase in the Company's payroll of approximately \$1,250,000 per annum. For the purpose also of equalizing the pay of employes not included in said advance and making it conform to the standard of wages then existing between all other classes, the salaries of the clerical, engineering and other miscellaneous forces employed in the operating departments, were increased effective January 1st, 1917, by approximately \$72,871 per annum.

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With respect to war measures, your Company has not adopted any general policy covering the enlistment or drafting of employes, except that members of the families of such employes will be given the preference in filling vacancies thus created, whether male or female, in all cases where the work is suitable and the applicants competent. On account of the necessities and importance of the service, there may be a general exemption of railroad employes, both electrical and steam, but to the extent that this does not occur it is the intention to substitute dependent members of employes' families to the greatest possible extent in filling such vacancies.

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United States Government Liberty Loan Bonds were subscribed for by employes of your Company to the amount of \$733,200. These

subscriptions were participated in by 7,769 employees. Your Company purchased the bonds in the first instance and accepted the subscriptions of employees on a weekly installment basis whereby the bonds will be delivered to them when fully paid for, they receiving  $3\frac{1}{2}\%$  interest on their money in the interim.

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In keeping with the demands and necessities of the occasion your directors authorized the donation to the American Red Cross War Fund of 10% of the total receipts from ticket sales on the Subway and Elevated Lines on Monday, June 25th, 1917. The total receipts for the day amounted \$149,619.80, and a check was promptly forwarded to the Red Cross Fund for \$14,961.98.

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The Management makes due acknowledgment to its officers and employes for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,

President.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1917 AND 1916.

YEAR ENDED JUNE 30	1917			1916			Increase Decrease*
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$17,478,275.32	\$20,698,919.82	\$38,177,195.14	\$15,619,860.87	\$18,562,239.65	\$34,182,100.52	\$3,995,094.62
Other Street Railway Operating Revenue.....	932,978.37	755,972.93	1,688,951.30	914,414.78	795,012.99	1,709,427.77	*20,476.47
Gross Operating Revenue....	\$18,411,253.69	\$21,454,892.75	\$39,866,146.44	\$16,534,275.65	\$19,357,252.64	\$35,891,528.29	\$3,974,618.15
Operating Expenses:							
Maintenance of Way and Structures.....	\$965,788.64	\$939,716.19	\$1,905,504.83	\$930,096.08	\$897,223.59	\$1,827,319.67	\$78,185.16
Maintenance of Equipment.....	1,161,851.00	1,358,013.70	2,519,864.70	1,118,912.57	1,344,549.36	2,463,461.93	56,402.77
Traffic.....	14.70	23.27	37.97	344.00	198.87	542.87	*504.90
Transportation Expenses. ....	5,503,832.84	4,872,778.85	10,376,611.69	4,484,007.72	3,846,349.79	8,330,357.51	2,046,254.18
General Expenses.....	834,203.72	947,070.27	1,781,273.99	599,613.89	786,870.10	1,386,483.99	394,790.00
Total Operating Expenses....	\$8,465,690.90	\$8,117,602.28	\$16,583,293.18	\$7,132,974.26	\$6,875,191.71	\$14,008,165.97	\$2,575,127.21
Net Operating Revenue .....	\$9,945,562.79	\$13,337,290.47	\$23,282,853.26	\$9,401,301.39	\$12,482,060.93	\$21,883,362.32	\$1,399,490.94
Taxes.....	2,069,873.33	801,511.50	2,871,384.83	1,837,976.94	503,629.70	2,341,606.64	529,778.19
Income from Operation.....	\$7,875,689.46	\$12,535,778.97	\$20,411,468.43	\$7,563,324.45	\$11,978,431.23	\$19,541,755.68	\$869,712.75
Non-Operating Income.....	75,589.89	483,486.84	559,076.73	113,380.63	467,450.25	580,830.88	*21,754.15
Gross Income.....	\$7,951,279.35	\$13,019,265.81	\$20,970,545.16	\$7,676,705.08	\$12,445,881.48	\$20,122,586.56	\$847,958.60
Interest on Sinking Fund on City Bonds.....		\$2,375,714.65	\$2,375,714.65		\$2,380,619.84	\$2,380,619.84	*\$4,905.19
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$737,900.00	2,834,615.06	3,572,515.06	\$336,765.64	2,706,864.62	3,043,630.26	528,884.80
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	1,627,360.00		1,627,360.00	1,604,556.51		1,604,556.51	22,803.49
Interest on Manhattan Railway Second Mortgage 4% Bonds ....	180,920.00		180,920.00	66,839.89		66,839.89	114,080.11
Interest on New York Elevated Railroad 5% Debenture Bonds..				33,423.92		33,423.92	*33,423.92

Manhattan Railway Rental (Organization).....	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock.....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense.....	625.35	625.35	312.67	312.67	\$312.68
Interest on Investment of Depreciation Reserve.....	50.00	18,897.36			18,897.36
Interest on Unfunded Debt.....	23,244.07	37,550.00		37,500.00	100.00
Other Rent Deductions.....		13,310.15		799.92	29,177.74
Total Income Deductions.....	\$6,805,099.42	\$5,280,087.22	\$6,283,475.19	\$5,125,784.38	\$675,927.07
Net Corporate Income.....	\$1,146,179.93	\$7,739,178.59	\$1,393,229.89	\$7,320,097.10	\$172,031.53
Add Contract No. 3.....		217,295.86		178,687.67	38,608.19
Dividends on Interborough Rapid Transit Co. Stock (20%).....	\$1,146,179.93	\$7,956,474.45	\$1,393,229.89	\$7,498,784.77	\$210,639.72
Surplus.....					
Per Cent. Expenses to Earnings :					
Excluding Taxes.....	45.98	37.33	43.14	35.52	2.57
Including Taxes.....	57.22	41.57	54.25	38.12	3.25
Passengers Carried.....	349,380,093	414,193,992	312,246,796	371,505,318	79,821,971
Daily Average Passengers Carried	957,206	1,134,778	853,133	1,015,042	223,809

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1917.

## ASSETS

FIXED CAPITAL .....	\$148,268,768.08
INVESTMENTS .....	25,275,935.92
ADVANCES TO ASSOCIATED COMPANIES.....	3,300,306.73
CURRENT ASSETS.....	23,225,872.43
Cash .....	\$601,330.77
Cash advanced from General Fund for Manhattan Third Tracking (See Contra) .....	7,125,000.00
Cash advanced from General Fund for Manhattan Power Plant Improvements (See Contra).....	950,000.00
Accounts Receivable .....	3,519,650.14
Bills Receivable.....	46,120.00
Interest and Dividends Receivable.....	755,062.24
Material and Supplies.....	2,999,445.45
Special Deposits:	
To meet Coupons due not presented.....	68,045.00
To meet Uncollected Dividends on Manhattan Railway Company Capital Stock.....	57.75
To meet Dividend due July 1st, 1917, on Man- hattan Railway Company Capital Stock.....	1,050,000.00
To meet Dividend due July 1st, 1917, on Inter- borough Rapid Transit Company Capital Stock	1,750,000.00
To meet Interest due July 1st, 1917, on First and Refunding Mortgage 5% Gold Bonds....	4,014,625.00
Cash deposited with State Industrial Commission	13,235.48
Guaranty Trust Company, Trustee, First and Refunding Mortgage .....	333,300.60
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	25,984,527.30
Subway Contribution Cash.....	\$20,977,536.78
Manhattan Third Tracking Cash.....	16,796.02
Elevated Extension Cash.....	4,978,079.12
Manhattan Power House Cash.....	12,115.38
PREPAYMENTS .....	998,239.02
Insurance .....	\$108,397.61
Taxes .....	879,321.00
Rents .....	10,520.41
ITEMS AWAITING DISTRIBUTION.....	159,177.27
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....	58,365.31
DEFERRED CHARGES .....	9,873,826.33
Unamortized Debt Discount and Expense.	
TOTAL.....	\$237,145,018.39

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1917.

## LIABILITIES

CAPITAL STOCK . . . . .	\$35,000,000.00
FUNDED DEBT . . . . .	160,585,000.00
First and Refunding Mortgage 5% Gold Bonds.	
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES . . . . .	20,406,194.16
Interest and Rentals Accrued, not due.....	\$1,280,016.85
Coupons due, not presented.....	68,045.00
Dividends April 1st, 1909, to April 1st, 1917, inclusive, on Manhattan Railway Company Capital Stock, unpaid . . . . .	57.75
Dividends due July 1st, 1917, on Manhattan Railway Company Capital Stock.....	1,050,000.00
Dividends due July 1st, 1917, on Interborough Rapid Transit Company Capital Stock.....	1,750,000.00
Interest due July 1st, 1917, on First and Refunding Mortgage 5% Gold Bonds.....	4,014,625.00
Due for Wages.....	302,196.01
Bills Payable . . . . .	900,000.00
Accounts Payable . . . . .	1,935,817.11
Taxes Accrued . . . . .	1,030,436.44
Third Tracking Cash Liability for Advances from General Fund (See Contra).....	7,125,000.00
Manhattan Power House Cash Liability for Advances from General Fund (See Contra) . . . . .	950,000.00
RESERVES . . . . .	1,825,618.80
Accrued Amortization of Capital.....	\$1,578,016.85
Manhattan Railway Equipment Reserve.....	143,459.99
Interest on Investment of Depreciation Reserve....	103,187.16
Manhattan Railway Company 2nd Mortgage Bond Discount and Expense Amortization.....	954.80
ITEMS AWAITING DISTRIBUTION.....	1,334,938.42
PROFIT AND LOSS SURPLUS.....	17,615,944.28
TOTAL.....	<u>\$237,145,018.39</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

## ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30,

1917 AND 1916

<i>Description</i>	1917	1916	Increase Decrease*
Interest and Sinking Fund on City Bonds	\$2,375,714.65	\$2,380,619.84	*\$4,905.19
Interest on First and Refunding Mortgage 5% Gold Bonds.....	3,572,515.06	3,043,630.26	528,884.80 (1)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,360.00	1,604,556.51	22,803.49 (2)
Interest on Manhattan Railway 2nd Mortgage 4% Bonds.....	180,920.00	66,839.89	114,080.11 (3)
Interest on New York Elevated Railroad 5% Debenture Bonds.....		33,423.92	*33,423.92 (2)
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	625.35	312.67	312.68
Interest on Investment of Depreciation Reserve .....	18,897.36		18,897.36 (4)
Interest on Unfunded Debt.....	37,600.00	37,500.00	100.00
Other Rent Deductions.....	36,554.22	7,376.48	29,177.74 (5)
Total Income Deductions.....	<u>\$12,085,186.64</u>	<u>\$11,409,259.57</u>	<u>\$675,927.07</u>

### NOTES:

(1) Due to charging to Income Account interest on \$14,758,000 First and Refunding Mortgage 5% Gold Bonds, issued to provide for Elevated Third Tracking and Manhattan Power Plant Improvements, from January 17th, 1916, the date of beginning operation of the third tracks, together with the interest on bonds issued to provide funds for those portions of the Queensboro Subway opened for service June 22nd, 1915, February 15th, 1916, November 5th, 1916, February 1st, 1917, and April 21st, 1917; of the White Plains Road Line opened for service March 3rd and 31st, 1917; of the Lexington-Jerome Avenue Line opened for service June 2nd, 1917, and of the Seventh Avenue Line opened for service June 3rd, 1917.

(2) Due to the refunding, March 1st, 1916, of \$1,000,000 New York Elevated Railroad 5% Debenture Bonds, by the issuance of a like amount of Manhattan Railway Consolidated Mortgage 4% Bonds.

(3) Due to the issuance of \$4,523,000 Manhattan Railway Company 2nd Mortgage 4% Bonds, February 18th, 1916.

(4) This amount is offset by interest accruals in the account, "Investment of Depreciation Reserve," at \$18,897.36, carried into and forming part of "Non-Operating Income" for the year.

(5) Increase in the rental paid to the City of New York under the Third Tracking Certificate, measured by 2% of increased gross receipts of 2nd, 3rd and 9th Avenue Line Express Stations.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED JUNE 30, 1917

### CHARGEABLE TO CAPITAL ACCOUNT

#### A—On Existing Lines—Manhattan Railway Division

Land Damages and Legal Expenses in connection therewith.  
Station at 151st Street and 8th Avenue.  
Cement Storage Building, 159th Street Yard.  
Extension to Machine Shop, 159th Street Yard.  
Garage on 3rd Avenue between 98th and 99th Streets.  
Definite Time Limit Relays, 74th St. Power Station.  
Equipment of Derrick Car No. 84.

Making a charge to the Manhattan Railway Construction Account of..... \$107,258.97

#### SUBWAY DIVISION

Connection at Subway Stations with United Electric Light and Power Company for emergency light.  
Movable station platforms on stations constructed on curves.  
Remote control circuit breakers at the ends of all underground feeders.

600-foot safety zones between sub-stations.

124 steel motor car bodies and the equipment thereof.

354 steel trailer car bodies and the equipment thereof.

Making a charge to the Interborough Rapid Transit Company Fixed Capital Account of.. \$1,370,718.62

There was, however, credited to this account in connection with the transfer of 477 Composite Car Bodies from the Subway to the

Elevated Extensions ..... \$4,291,202.50

and the cost of 2 Motor Car Bodies,

1 Trailer Truck and 1 Trailer

Flat Car Body destroyed..... 18,964.77

4,310,167.27

Resulting in a Net Credit to the Interborough Rapid Transit Co. Fixed Capital Account of.....

2,939,448.65

#### B—New Subways, Elevated Improvements and Extensions

##### CONTRACT NO. 3:

Construction ..... \$12,824,140.31

Equipment ..... 10,219,393.61

\$23,043,533.92

##### MANHATTAN THIRD TRACKING:

Plant and Structure..... \$2,220,762.21

Equipment ..... 38,511.49

2,259,273.70

##### ELEVATED EXTENSIONS:

Plant and Structure..... \$1,772,505.06

Equipment ..... 4,770,856.22

6,543,361.28

##### MANHATTAN POWER PLANT IMPROVEMENTS

797,750.66

32,643,919.56

**TOTAL.....\$29,811,729.88**

## COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE 5% BONDS, DATED JANUARY 1, 1913

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected, situate in the City of New York, constituting the main power house and electric sub-stations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1, and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices, including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid Contract No. 1, dated February 21, 1900, between John B. McDonald and the City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of the City of New York created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and the City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of the City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between the City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto;

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate, dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorization or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate, The Webster Avenue Line, 8th Avenue and 162nd Street Connection, The Queensboro Bridge Line, and the West Farms Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company, dated March 20, 1913, whether held by the Company or deposited for its account in any depository, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgages by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough certificate, or the said Manhattan certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

# INTERBOROUGH RAPID TRANSIT COMPANY

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1917

### MANHATTAN RAILWAY DIVISION

	1917	1916
<b>PASSENGER CARS:</b>		
Motor, closed . . . . .	1,021	1,021
Trailer, closed . . . . .	715	715
Trailer, open . . . . .	36	36
Total . . . . .	1,772	1,772
<b>SERVICE CARS:</b>		
Pay, motor, closed . . . . .	1	1
Instruction, motor, closed . . . . .	1	1
Box, motor, steel . . . . .	2	2
Pay, trailer, closed . . . . .	1	1
Supply, trailer, closed . . . . .	16	16
Tool, trailer, closed . . . . .	1	1
Ticket, trailer, closed . . . . .	2	2
Flat, trailer . . . . .	29	29
Hopper, trailer . . . . .	5	5
Derrick, trailer . . . . .	3	3
Total . . . . .	61	61
Total, Manhattan Railway Division . . . . .	1,833	1,833

### ELEVATED EXTENSIONS

<b>PASSENGER CARS:</b>			
Motor, composite, closed . . . . .	477	109	+368

### SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2

<b>PASSENGER CARS:</b>			
Composite, closed, motor . . . . .	0	103	—103
Steel, motor, closed . . . . .	787	789	—2
Composite, trailer, closed . . . . .	0	264	—264
Steel, trailer, closed . . . . .	352	353	—1
Total . . . . .	1,139	1,509	*—370

<b>SERVICE CARS:</b>			
Pay, motor, closed . . . . .	1	1	....
Instruction, motor, closed . . . . .	1	1	....
Test, motor, closed . . . . .	0	1	—1
Observation, motor, closed . . . . .	1	1	....
Flat, steel, motor . . . . .	7	7	....
Pay, trailer, closed . . . . .	1	1	....
Emergency, pump, trailer . . . . .	1	1	....
Flat, wooden, trailer . . . . .	17	18	—1
Flat, steel, trailer . . . . .	12	12	....
Hopper, steel, trailer . . . . .	1	1	....
Dump, steel, trailer . . . . .	12	12	....
Box, steel, trailer . . . . .	2	2	....
Total . . . . .	56	58	—2
Total, Subway Division . . . . .	1,195	1,567	—372

### SUBWAY DIVISION—CONTRACT NO. 3

<b>PASSENGER CARS:</b>			
Steel, motor, closed . . . . .	102	12	+90
Total, Cars of all descriptions . . . . .	3,607	3,521	+86

— Decrease.      + Increase.

\*These cars were taken out of service last year for reconstruction and new cars substituted therefor. This year the reconstructed cars are being placed in the Elevated Railway service.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**VOLUNTARY RELIEF DEPARTMENT OPERATIONS**  
**YEAR ENDED JUNE 30, 1917**

**FINANCIAL STATEMENT**

Receipts to June 30th, 1916, inclusive..... \$764,038.88

*Receipts for year ended June 30th, 1917.*

Contributions from members.....	\$80,399.80	
Interest on investments and bank balances.....	2,943.71	83,343.51
		<u>\$847,382.39</u>
Received from the Company in advance of collection of contributions..	4,927.72	
Total Receipts .....		<u>\$852,310.11</u>
Disbursements to June 30, 1916, inclusive.....	\$698,179.07	

*Disbursements for year ended June 30th, 1917.*

Accident Benefits Paid.....	\$4,730.75	
Sickness Benefits Paid.....	50,589.25	
Death Benefits Paid.....	39,018.40	
Contributions Refunded .....	1,427.33	95,765.73
Total Payments .....		<u>\$793,944.80</u>

*Investments.*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost.....	\$43,456.25	
\$5,000 New York City, Tax Exempt, 4¼% Bonds, due 1960, at cost .....	5,107.81	
\$10,000 Interborough Rapid Transit Company First and Re- funding Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	<u>\$58,365.31</u>

**MEMBERSHIP STATEMENT**

Membership June 30th, 1916.....	7140
Employees admitted to membership during year ended June 30th, 1917 .....	2626
Loss account of resignations, dismissals, deaths, etc....	<u>3407</u>
Net loss during the year.....	<u>781</u>
Total membership June 30th, 1917.....	6359

During the year the Medical Examiners have made 6115 calls on disabled members.

# CONDENSED STATEMENT OF OPERATING RESULTS OF THE INTERBOROUGH RAPID TRANSIT COMPANY

FISCAL YEAR	1917	Per Cent. of Gross Oper. Rev.	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
INCOME																										
Revenue from Transportation	\$33,177,195.14	95.76	\$34,182,100.52	95.24	\$32,365,306.32	96.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,301.31	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue	1,688,951.30	4.24	1,709,427.77	4.75	1,068,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,553.37	2.80	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.04	2.18
Gross Operating Revenue	\$39,866,146.44	100.00	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
OUTGO																										
Maintenance of Way and Structures—Actual	\$1,801,474.26	4.52	\$1,539,216.66	4.29	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,611.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual	2,121,720.74	5.32	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance	\$3,923,195.00	9.84	\$3,671,556.11	10.23	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,423.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structures—Depreciation	\$104,030.57	.26	\$288,103.01	.80	\$192,881.05	.57	\$87,354.66	.25	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23										
Maintenance of Equipment—Depreciation	398,143.96	1.00	331,122.48	.92	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	153,142.66	0.52	116,333.47	.40										
Total Depreciation	\$502,174.53	1.26	\$619,225.49	1.72	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$380,634.59	1.28	\$181,846.13	.63										
Total "Maintenance" Appropriation	\$4,425,369.53	11.10	\$4,290,781.60	11.95	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses	37.97	...	542.87	...	145.17	...	138.14	...	452.03	...	586.75	...	1,746.24	...	4,209.11	...										
Transportation Expenses	10,376,611.69	26.03	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,018.37	26.83	4,877,432.70	28.35
Accidents and Damages	661,023.49	1.66	551,886.14	1.54	386,244.07	1.15	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.81	246,514.71	.93	284,220.29	1.15	302,534.67	1.36	272,983.26	1.36	131,595.30	.77
General Expenses	1,120,250.50	2.81	834,597.85	2.33	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.09	2.91	954,394.01	3.60	893,626.29	3.62	814,993.47	3.56	659,842.51	3.28	529,439.44	3.08
Total Operating Expenses	\$16,583,293.18	41.60	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net Operating Revenue	23,282,853.26	58.40	21,883,362.32	60.97	20,492,428.59	61.29	20,613,342.33	61.50	19,237,127.58	59.20	18,198,590.46	58.24	17,398,370.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.59	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non Operating Income	559,076.73	1.40	580,830.88	1.62	623,631.25	1.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
	\$23,841,929.99	59.80	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.91	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
DEDUCTIONS																										
Taxes	\$2,871,384.83	7.20	\$2,341,606.64	6.53	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.60	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,965.37	6.02	\$1,390,566.13	6.91	\$1,293,734.52	7.50
Interest on Bonds (Rental)	4,183,994.65	10.50	4,085,440.16	11.39	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,228.19	15.72	3,220,156.19	16.01	2,435,370.61	14.14
Manhattan Dividends (Rental)	4,200,000.00	10.53	4,200,000.00	11.72	4,200,000.00	12.57	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.44	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,000.00	17.97	3,864,000.00	19.20	3,864,000.00	22.46
Manhattan Cash Rental	35,000.00	.09	35,000.00	.11	35,000.00	.10	35,000.00	.11	17,500.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.04	10,000.00	.05	10,000.00	.06
Interest on Notes and 5% Bonds	3,572,515.06	8.96	3,043,630.26	8.4	2,632,572.97	7.87	2,720,882.77	8.12	1,854,647.92	5.71	1,617,033.74	5.18	1,812,913.34	6.09	2,065,621.65	7.12	1,999,281.67	7.54	1,250,000.00	5.06	766,666.67	3.35	356,666.67	1.77		
Amortization	625.35	...		...		...		336,290.84	1.04	329,692.50	1.06	300,000.00	1.01	200,000.00	.69	200,000.00	.69									
Interest on Unfunded Debt	37,600.00	.09	312.67	...		...	3,565.37	.01	31,758.12	.10	97,086.74	.31	31,269.98	.10	12,929.64	.04			12,212.89	.05	7,981.67	.03				
Other Rent Deductions	36,554.22	.09	37,500.00	.11	37,500.00	.11	643,333.34	1.98	786,180.54	2.52	416,292.94	1.30	416,292.94	1.30	233,005.61	.80										
Interest on Investment of Depreciation Reserve	18,897.36	.05	7,376.48	.02	7,376.48	.02	7,376.51	.02	6,576.56	.02	6,576.56	.02	6,909.90	.02	9,119.37	.03										
Total Deductions	\$14,956,571.47	37.51	\$13,750,866.21	38.3	\$13,047,575.57	39.02	\$13,201,614.62	39.39	\$13,187,549.73	40.58	\$12,980,024.33	41.54	\$12,598,249.07	42.32	\$12,303,382.22	42.45	\$11,822,769.85	44.57	\$10,856,115.93	43.95	\$9,809,860.23	43.10	\$8,841,382.99	43.94	\$7,511,105.13	43.66
Net Corporate Income	\$8,885,358.52	22.29	\$8,713,326.99	24.2	\$8,068,484.27	24.13	\$8,024,580.26	23.94	\$6,537,068.14	20.12	\$6,523,766.42	20.88	\$5,140,036.76	17.27	\$6,082,147.01	20.98	\$4,589,811.12	17.31	\$4,700,659.36	18.09	\$3,716,133.70	16.22	\$3,168,800.70	15.75	\$2,419,521.28	14.07





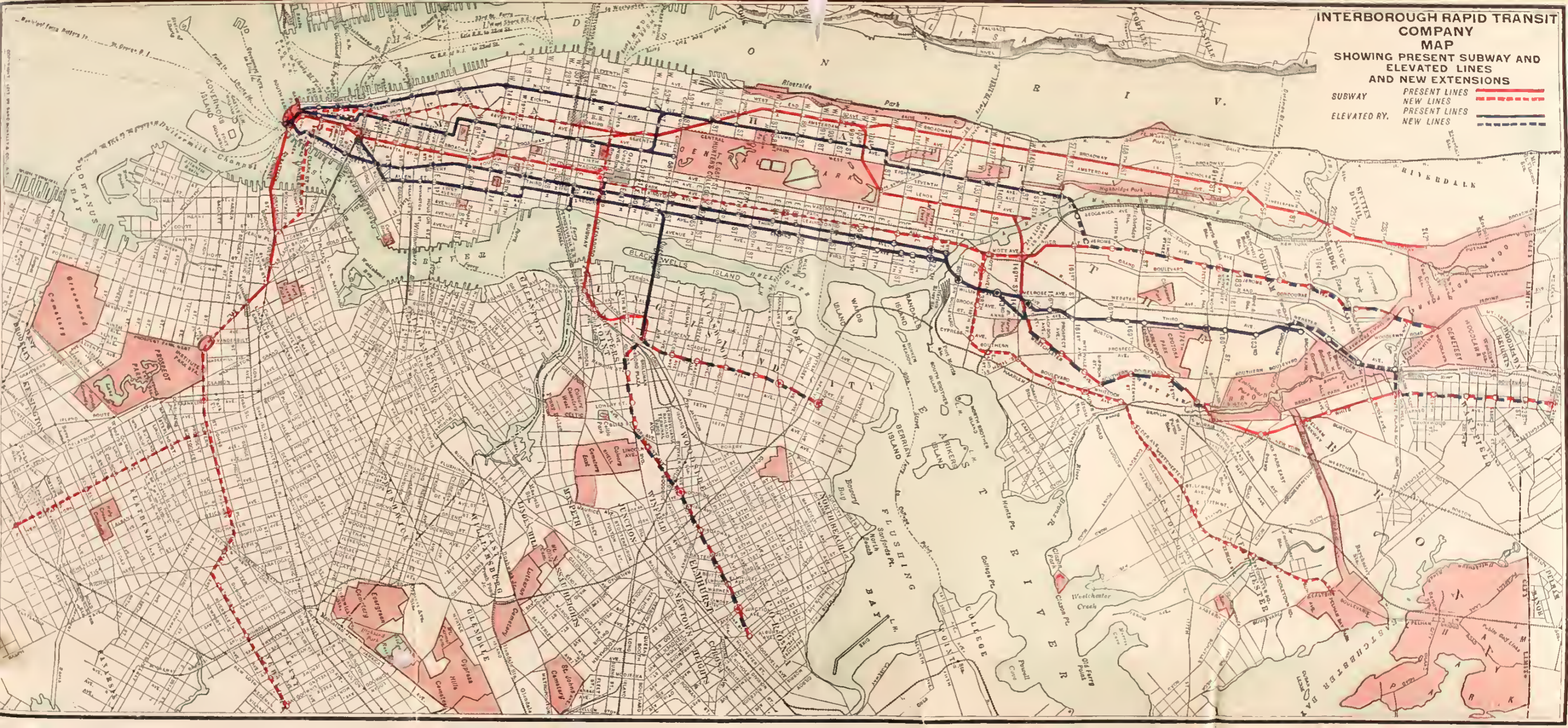


**INTERBOROUGH RAPID TRANSIT COMPANY**  
**MAP**  
**SHOWING PRESENT SUBWAY AND ELEVATED LINES AND NEW EXTENSIONS**

SUBWAY  
ELEVATED RY.

PRESENT LINES  
NEW LINES

PRESENT LINES  
NEW LINES





1917-1918

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1918

PRINT  
JOHN WARD & SON  
NEW YORK

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1918

MAJOR AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
W. LEON PEPPERMAN.....	New York
F. DE C. SULLIVAN.....	New York
BRIG. GEN. CORNELIUS VANDERBILT .....	New York

### TERMS EXPIRE 1919

THOMAS DE WITT CUYLER.....	Philadelphia
HARVEY D. GIBSON.....	New York
A. D. JUILLIARD.....	New York
DANIEL G. REID.....	New York
BRIG. GEN. GUY E. TRIPP.....	New York

### TERMS EXPIRE 1920

H. M. FISHER.....	Plainfield, N. J.
A. J. HEMPHILL.....	New York
CHARLES B. LUDLOW.....	New York
MORGAN J. O'BRIEN.....	New York
THEODORE P. SHONTS.....	New York

## EXECUTIVE COMMITTEE

MAJOR AUGUST BELMONT .....	New York
EDWARD J. BERWIND.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
THEODORE P. SHONTS.....	New York
BRIG. GEN. CORNELIUS VANDERBILT .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY  
Chairman of Board—MAJOR AUGUST BELMONT,  
43 Exchange Place, New York City  
President and Chairman Executive Committee, THEODORE P. SHONTS  
Assistant to President.....W. LEON PEPPERMAN  
Vice-President and General Manager.....FRANK HEDLEY  
Vice-President.....D. W. ROSS  
Secretary.....H. M. FISHER  
Treasurer .....

J. H. CAMPBELL  
General Counsel.....RICHARD REID ROGERS  
General Attorney.....JAS. L. QUACKENBUSH  
Auditor.....E. F. J. GAYNOR  
Director Welfare Work.....H. H. VREELAND  
Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE  
Transfer Agents, AUGUST BELMONT & Co., 43 Exchange Pl., N. Y. C.  
Annual Stockholders' Meeting, Fourth Wednesday in September

### MILEAGE—Revised to June 30, 1918

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings	Total Single Track
Jerome Avenue Line..	5.55	....	0.13	5.42	....	....	0.38	16.90
Seventh Avenue Line..	0.49	0.26	0.23	....	....	....	....	0.72
White Plains Road Line.....	4.49	....	....	4.49	....	....	0.33	13.80
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Corona Line .....	4.21	....	0.30	3.91	....	....	0.28	12.61
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.22	5.98
Subway—Con. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.30	85.29
West Farms Subway Connection.....	0.50	....	0.50	....	....	....	....	1.00
Queensboro Bridge Line.....	1.35	....	1.35	....	....	....	0.03	2.73
8th Ave. and 162d St. Connection.....	0.21	0.06	0.15	....	....	....	....	0.36
Manhattan Division ..	37.67	....	7.28	27.43	2.80	0.16	21.38	130.23
Total .....	85.16	0.95	23.06	50.45	10.54	0.16	35.11	276.49

0.72 miles single track added to Queensboro Subway.

West Farms Subway connection opened July 2, 1917.

Queensboro Bridge line opened July 23, 1917.

0.42 miles of fourth track added to Second Avenue (Manhattan Division) due to opening Queensboro Bridge Line.

162d Street and Eighth Avenue connection opened to Sedgwick Avenue, March 1, 1918.

0.08 miles of fourth track added to Ninth Avenue (Manhattan Division) due to opening 162d Street-Eighth Avenue connection.

Jerome Avenue Line extended from Kingsbridge to Woodlawn, April 15, 1918.

# ANNUAL REPORT

## OF THE

# Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1918.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1918.

The comparative income account for the years ended June 30, 1918 and 1917, is:

### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1918	1917	Increase Decrease*
Gross Operating Revenue.....	\$40,497,728.18	\$39,866,146.44	\$ 631,581.74
Operating Expenses .....	19,113,336.36	16,583,293.18	2,530,043.18
Net Operating Revenue.....	\$21,384,391.82	\$23,282,853.26	*\$1,898,461.44
Taxes .....	3,758,583.38	2,871,384.83	887,198.55
Income from Operation.....	\$17,625,808.44	\$20,411,468.43	*\$2,785,659.99
Non-Operating Income .....	593,599.98	559,076.73	34,523.25
Gross Income .....	\$18,219,408.42	\$20,970,545.16	*\$2,751,136.74
Income Deductions .....	13,556,649.50	12,085,186.64	1,471,462.86
Net Corporate Income for the Year....	\$ 4,662,758.92	\$ 8,885,358.52	*\$4,222,599.60
Add Accruals under Contract No. 3 and Related Certificates.....	2,508,508.26	217,295.86	2,291,212.40
	\$ 7,171,267.18	\$ 9,102,654.38	*\$1,931,387.20
Add:			
Surplus, June 30, 1917, and June 30, 1916..	\$17,615,944.28	\$17,530,977.89	\$ 84,966.39
Other Credits .....	137,296.65	53,264.81	84,031.84
Totals .....	\$24,924,508.11	\$26,686,897.08	*\$1,762,388.97
Appropriated for:			
Amortization, Capital Retirements, Strike			
Expenses and Other Charges.....	\$ 136,530.86	\$ 2,070,952.80	*\$1,934,421.94
Dividends .....	6,125,000.00	7,000,000.00	*\$875,000.00
Total Appropriations .....	\$ 6,261,530.86	\$ 9,070,952.80	*\$2,809,421.94
Profit and Loss—Surplus.....	\$18,662,977.25	\$17,615,944.28	\$ 1,047,032.97

## Statement of Operations for the Year Ended June 30th, 1918

Gross Operating Revenue.....	\$40,497,728.18
Operating Expenses .....	19,113,336.36
Net Operating Revenue.....	<u>\$21,384,391.82</u>
Taxes .....	<u>3,758,583.38</u>
Income from Operation.....	\$17,625,808.44
Non-Operating Income .....	<u>593,599.98</u>
Gross Income .....	<u>\$18,219,408.42</u>
Interest and Sinking Fund on City Bonds.....	\$2,384,537.57
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	4,327,177.34
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	438,821.42
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,360.00
Interest on Manhattan Railway Second Mortgage 4% Bonds	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	123,314.57
Other Rent Deductions.....	199,512.70
Interest on Investment of Depreciation Reserve.....	39,340.55
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	<u>665.35</u>
Total Income Deductions.....	<u>13,556,649.50</u>
Net Corporate Income.....	<u>\$4,662,758.92</u>
Add Accruals under Contract No. 3 and Related Certificates .....	<u>2,508,508.26</u>
	\$7,171,267.18
Dividends on Interborough Rapid Transit Company Stock.....	<u>6,125,000.00</u>
Surplus .....	<u>\$1,046,267.18</u>
Per Cent., Expenses to Earnings.....	47.19
Passengers Carried .....	<u>770,998,335</u>

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1918, was \$40,497,728.18, as compared with \$39,866,146.44 last year, an increase of \$631,581.74, or 1.58%, the result of a gain on the Subway Division of \$385,555.15, or 1.80%, and on the Manhattan Railway Division of \$246,026.59, or 1.33%.

## **Operating Expenses**

Operating Expenses were \$19,113,336.36, as compared with \$16,583,293.18 last year, an increase of \$2,530,043.18, or 15.25%, of which \$1,041,579.90 was on the Subway Division, caused by an increase of 1,433,721 in the car mileage operated, an increase of 1.62 in the number of miles of road operated at the close of the year, and the continued tendency to increased cost of labor and materials.

On the Manhattan Division the increase of \$1,488,463.28 reflects the continued increase in cost of labor and materials, also operations over the Jerome Avenue line for the full year against partial operation over that line during the preceding year; the opening of the West Farms Branch, Queensboro Bridge line and the Eighth Avenue and 162d Street connection of the Elevated extensions during the year and the increase of 4,043,450 in car miles operated.

## **Net Operating Revenue**

The Net Operating Revenue was \$21,384,391.82, as compared with \$23,282,853.26 last year, a decrease of \$1,898,461.44, or 8.15%, the result of a loss on the Subway Division of \$656,024.75, or 4.92%, and on the Manhattan Railway Division of \$1,242,436.69, or 12.49%.

## **Taxes**

The total amount of taxes was \$3,758,583.38, as compared with \$2,871,384.83 last year, an increase of \$887,198.55, or 30.89%; Subway Division shows an increase of \$847,900.04, or 105.79%, as the result of an increase in the rate of the Federal Income Tax, the Federal Capital Stock Tax and the Excess Profit Tax.

Manhattan Railway Division shows an increase of \$39,298.51, or 1.90%, the result of an increase in the Special Franchise and Real Estate Taxes.

## **Income from Operation**

Income from Operation was \$17,625,808.44, as compared with \$20,411,468.43 last year, a decrease of \$2,785,659.99, or 13.65%, the result of a loss on the Subway Division of \$1,503,924.79, or 12.00%, and on the Manhattan Railway Division of \$1,281,735.20, or 16.27%.

### **Non-Operating Income**

Non-Operating Income was \$593,599.98, as against \$559,076.73 last year, an increase of \$34,523.25, or 6.17%, due principally to the increase in interest upon the amounts accruing under the provisions of Contract No. 3 and the Allied Certificates.

### **Gross Income**

Gross Income was \$18,219,408.42, as compared with \$20,970,545.16 last year, a decrease of \$2,751,136.74, or 13.12%, the result of a loss on the Subway Division of \$1,491,987.09, or 11.46%, and on the Manhattan Railway Division of \$1,259,149.65, or 15.83%.

### **Income Deductions**

Income Deductions were \$13,556,649.50, as compared with \$12,085,186.64 last year, an increase of \$1,471,462.86, or 12.17%, the details of which are set out on page No. 26.

### **Surplus**

The Surplus after Dividends of 17½% on the Capital Stock was \$1,046,267.18, or \$1,056,387.20 below that of the previous year.

### **Traffic**

The number of passengers carried was 770,998,335, compared with 763,574,085 last year, an increase of 7,424,250, or .97%, the result of a gain on the Subway Division of 4,143,674, or 1.00%, and a gain on the Manhattan Railway Division of 3,280,576 or .94%.

The gain on the Subway Division was the result of an increase of 15,002,257 in passengers carried over the lines constructed and equipped under Contract No. 3, and a decrease of 10,858,583 in the traffic over the old Subway lines.

The increase on the Manhattan Division was due principally to the opening during the year of the West Farms Branch, Queensboro Bridge line and the Eighth Avenue and 162d Street connection of the Elevated extensions.

## Maintenance

The structure, roadway, power houses, electrical equipment and rolling stock of both the Subway and Manhattan Divisions have been properly maintained during the year, the sum of \$4,736,122 having been expended for that purpose. The principal items include renewal of steel rails in approximately three miles of single track and renewal of 23,331 ties, on Manhattan Division. Renewal of steel rails in approximately 10 miles of single track and renewal of 7,333 ties, on Subway Division. The Manhattan Railway structure was reinforced. On the Subway Division electrical and track changes were made to afford additional safety and economy of operation.

## FINANCIAL

	1918	1917
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, due January 1, 1966.....	160,585,000	160,585,000
Totals .....	\$195,585,000	\$195,585,000

The First and Refunding 5% Gold Bonds dated January 1, 1913, above referred to, were issued for the following purposes:

To provide funds for Subway Contribution under Contract No. 3 dated March 19, 1913.....	\$79,144,000
To provide funds for Elevated Third Tracking under Certificate dated March 19, 1913.....	11,550,000
To provide funds for Elevated Extensions under Certificate dated March 19, 1913.....	14,068,000
To provide funds for the Manhattan Division Power Plant Improvements .....	3,208,000
For the Refunding of \$15,000,000 Notes due May 1, 1913, and the Forty-five Year Mortgage 5% Gold Bonds dated November 1, 1913.....	52,615,000
	\$160,585,000

The Sinking Fund of one-half of 1% semi-annually on the First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, did not commence to accrue until January 1, 1918, the first payment into the fund becoming due July 1, 1918.

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

Under date of July 23rd, 1918, the Public Service Commission authorized the issue of additional First and Refunding Mortgage 5% Bonds as follows:

To provide funds required

For completion of equipment under Contract No. 3.....\$33,098,500

For additional tracks on the lines of Manhattan Railway Company, and for equipment of Elevated extensions built under Interborough Certificate, and for Manhattan Railway Power House Improvements ..... 28,489,000

On the same date the Public Service Commission authorized the issue and sale at 95½ of Three-Year 7% Notes of the face amount of \$39,416,000, to be secured by the pledge of the First and Refunding Mortgage 5% Bonds referred to above. The notes are redeemable in whole or in part, at 103%, 102% and 101% of the face value of said notes and accrued interest each year respectively, and convertible into 5% bonds deposited as security therefor at 87½% of the face value of said bonds. An issue of \$33,400,000 of these notes has been sold at 95½ to cover construction and equipment required under contracts with the City, except construction work estimated to cost \$6,000,000, which is to be deferred until after the war.

### **Additions and Betterments**

Additions and Betterments were made during the year, including the Company's contribution toward the construction and equipment of new lines, to the amount of \$28,267,877, the particulars of which are shown on page 27. The new elevated station at 151st Street and the reconstruction of the 155th Street station on Eighth Avenue have been completed and placed in operation. Good progress has been made during the year in the installation of interlocking plants and signals connected therewith, and in sectionalizing the contact rail on the elevated lines. The connection between the Second Avenue line at 59th Street and Queensboro Bridge has been completed and placed in operation. The Eighth Avenue and 162d Street connection with the Jerome Avenue line at River Avenue has also been completed and placed in operation. The system generally is being rounded out and improved preparatory to larger operation by the extension of station platforms and stairways, the installation of additional electrical safety devices, and the construction of additional exits to be used in case of emergency. Three hundred and forty-four additional cars have been purchased and placed in service and all of the Manhattan Division motor cars have been equipped with trip devices for the purpose of automatically stopping trains should the motorman pass the danger signal.

## **Fire Insurance**

Fire insurance was renewed and continued. The measures adopted several years ago for fire prevention, in co-operation with the New York Board of Fire Underwriters and New York Fire Insurance Exchange, have been diligently continued and no material fire loss occurred. This protection is rendered unusually valuable at this time by the increasing difficulty and delay of replacing property destroyed by fire. It has also resulted in a continued reduction in your fire insurance rates.

## **Real Estate**

Your rented real estate has continued well occupied, at increasing rents wherever practicable.

The southeast corner of Morris and Greenwich Streets was sold for \$500,000 to the Twenty-five Broadway Corporation, subject to the city's subsurface easement, condemned in 1915 and settled last year for \$150,000, as stated in our last report. The property was controlled under your lease from the Manhattan Railway Company.

The building at the southwest corner of Murray and Church Streets was leased to June 30, 1928, at an aggregate rental of \$61,165.00.

No. 115 East 18th Street, needed for the enlargement of sub-station No. 12, abutting on 19th Street, in addition to No. 113 East 18th Street, purchased for \$20,000, as stated in our last report, was condemned, with the approval of the Public Service Commission, after \$22,000 had been offered and refused. Possession was secured by order of the court on August 28, 1917, and the work proceeded without delay. The front of the building, not required for the present, has been rented at \$900.00 per year.

Nos. 815, 817 and 819 Nostrand Avenue, and 1234 Union Street, Brooklyn, needed as the site for sub-station No. 22, was condemned after diligent efforts to come to some agreement with the several parties in interest. The award of the Commissioners of \$47,152.26 was satisfactory and was confirmed without objection on your behalf.

The owners of No. 154 East 57th Street, referred to in our last report as having been condemned as part of new sub-station No. 42, after \$42,000 had been offered and refused, were awarded \$44,750 by the Condemnation Commissioners, which was confirmed without objection on your behalf.

### **New Subway Construction**

During the year the Seventh Avenue line from its connection with the present Subway at Broadway and 45th Street to South Ferry, and to Wall and William Streets on the Clark Street tunnel branch, was practically completed, except station finish. On that portion of the Clark Street tunnel line from Wall Street to a connection with the present Subway east of Borough Hall, Brooklyn, the construction work is about 93% completed, except station finish. Track installation is progressing. The equipment of this line except the Clark Street Tunnel portion is nearly completed. In that portion the work to be done consists of installing contact rail, track rail bonding, drainage, telephone, emergency alarm, blockade signal, clock, lighting and interlocking systems and station equipment. Plans have been made and material ordered for ventilation of tunnel and work is progressing at Old Slip and at Furman Street shafts.

The construction of the Eastern Parkway line from terminus of present Subway at Atlantic Avenue to Buffalo Avenue, including Nostrand Avenue branch, is about 90% completed. The Livonia Avenue extension is about 25% completed. The station finish work is under way. The only equipment work started is drainage, which is 35% completed.

The construction of Lexington Avenue line from its connection with present Subway at 38th Street and Park Avenue to its terminus at Woodlawn Road, Jerome Avenue, including station finish is practically completed. The equipment work is practically completed, except ventilation system, details of which are being worked out. The construction of the Pelham Bay branch from its connection with Lexington Avenue Subway at 135th Street and Park Avenue to Bancroft Street and Whitlock Avenue, is about completed and the equipment work is progressing. The elevated portion from Bancroft Street to Pelham Bay Park terminus is not erected.

When the above lines are completed the system will consist of a line from 242d Street and Broadway (Van Cortlandt Park) via Broadway to a connection with the Seventh Avenue Subway at 45th Street, Times Square, there being two and three tracks above 96th Street and four tracks below 96th Street; also a line from 241st Street and White Plains Road, consisting of a three-track viaduct structure via White Plains Road to 179th Street and Boston Road, West Farms, where it joins the West Farms Branch of the present Subway which connects with the Broadway Subway at 96th Street and thence to Times Square where it connects with the Seventh Avenue Subway.

The new Seventh Avenue Subway is a four-track road extending under Seventh Avenue, Varick Street and West Broadway to Chambers Street; beyond this point it is a two-track road under Greenwich Street and Battery Park to South Ferry, where it connects with South Ferry Loop of old subway. Also a two-track subway from Chambers Street and West Broadway under Park Place, Mail, Beekman and William Streets, Old Slip and through Clark Street Tunnel and under Clark and Fulton Streets, Brooklyn, to a connection with old subway (which is a four-track line), just east of Borough Hall; thence to Atlantic Avenue, where a junction is made with Eastern Parkway Line, which is a four-track double deck subway, under Flatbush Avenue and Eastern Parkway to Buffalo Avenue, where it curves into East 98th Street and will continue as an elevated two-track structure (with provision for an additional track), along East 98th Street and Livonia Avenue to terminus at New Lots Avenue and East New York. At Nostrand Avenue a two-track subway extends from Eastern Parkway Line southerly under Nostrand Avenue to terminus at Flatbush Avenue (Vanderveer Park).

The Jerome Avenue line runs from Woodlawn Road and Jerome Avenue as a three-track viaduct structure, on Jerome and River Avenues to 157th Street, continuing as a three-track subway under Mott Avenue to a point south of East 138th Street, where it becomes a two-track subway joining the Lexington Avenue Subway at 135th Street and Park Avenue.

The Pelham line starts at Pelham Bay Park and Westchester Avenue as a three-track viaduct structure, runs along Westchester and Whitlock Avenues to portal at Aldus Street, there becoming a three-track subway, running under Southern Boulevard and 138th Street to Rider Avenue and 138th Street, where it becomes a two-track structure and joins the Lexington Avenue subway at 135th Street and Park Avenue. The four-track subway formed by the junction of the Pelham and Jerome Avenue lines continues south through the Harlem River tunnel and on a double deck structure under Lexington Avenue to junction with old subway at 38th Street and Park Avenue, over which line it connects with South Ferry and the old Brooklyn Subway via Bowling Green.

A shuttle under 42nd Street will connect the East and West side subway lines.

The Queensboro lines consist of a three-track viaduct structure from Corona along Roosevelt Avenue and Queens Boulevard to a point

west of Skillman Avenue, and two tracks to Queensboro Plaza where it is joined by Astoria Line, which is a three-track viaduct structure from Ditmars Avenue on Second and Jackson Avenues to a point south of South Washington Place, and two track to Queensboro Plaza, from which point a two-track connection is made with Second Avenue elevated line by means of Queensboro Bridge. From this point also a two-track viaduct structure extends on Ely Avenue and Davis Street to portal at Hunters Point Avenue, continues as a two-track subway from Hunters Point Avenue, under 4th Street and East River and under 42d Street, Manhattan, to Grand Central Station.

### **Routing of Trains**

**West Side:** The express trains on the Broadway branch originate at Van Cortlandt Park station and at 215th Street station, continuing south on Broadway to Times Square, thence south on the Seventh Avenue Extension to Chambers Street, thence through Park Place to William and Wall Streets, the additional express stops being Times Square, Pennsylvania Station, 14th Street and Chambers Street. The locals originate at Dyckman Street and 137th Street and run south over this same line, but at Chambers Street they continue south via Greenwich Street to and around South Ferry Loop.

The West Side line also continues to serve the Lenox Avenue section and the West Farms branch, the express trains, however, terminating at William and Wall Streets, and the locals at South Ferry.

**East Side:** A new express service has been inaugurated, beginning at 167th Street on the Jerome Avenue line, via the Lexington Avenue Subway, connecting with the old subway at 38th Street and Park Avenue. These trains operate south over the old subway to Atlantic Avenue, Brooklyn. In addition, some of the express trains originating on the West Farms branch at 180th Street, operate over the Lexington Avenue subway through a connection at 149th Street, and these trains also terminate at Atlantic Avenue. The additional express stations on this line are 125th Street, 86th Street and new Grand Central Station. The locals on this line operate from 138th Street and Third Avenue Station, via the Lexington Avenue line and the Fourth Avenue old subway, to and around City Hall Loop.

## Acquisition of Elevated Railway Easements

The third track improvements and extensions of the elevated railway lines necessitated the acquisition of street easements appurtenant to 5,299 house numbers upon a street frontage of 123,129 feet. In the construction of these improvements it was necessary for the Company to enter upon 2,818 properties held in separate ownership and involving in each instance liability to injunction proceedings and the payment of damages—1,564 suits to enjoin this work resulted. Title to all but  $1\frac{3}{4}\%$  of these easements has been acquired by voluntary settlements. The injunction suits have not been permitted to impede the work; less than 20 remain to be disposed of. The extensive and costly litigation which characterized the acquisition of easements for the original elevated railway structures thus has been avoided, only one judgment having been obtained against the Company other than in so-called "friendly" proceedings brought to obtain a legal sanction of existing settlements. Owing to the successful issue of this policy, we are now assured that the total cost of acquiring these easements will be materially less than the original estimate.

## Injuries and Damages

	1918	1917	
Claims, Suits and Judgments.....	\$375,208.55	\$585,981.26	Decrease \$210,772.71
Expenses .....	313,287.46	255,195.56	Increase 58,091.90
	<hr/>	<hr/>	
	\$688,496.01	\$841,176.82	Decrease \$152,680.81

Total disbursements for injuries and damages and expenses amounted to 1.7% of the gross passenger receipts, a decrease of 0.55 under 1917.

During the year there were disposed of by court proceedings 397 more suits than during the previous year. This to a great extent accounts for the increase in the expenses of this year over the previous year.

At the close of the year there were 204 suits less pending than the year before.

In the trial of suits judgments were rendered for the plaintiffs in 32% of the cases tried.

### **Increased Fare**

Application has been made to the Public Service Commission and the Board of Estimate and Apportionment for an increase in fare to meet the increases in wages and cost of materials due to war conditions.

We delayed taking this action in the face of constantly advancing prices until a point was reached where adequate service and proper maintenance could not much longer be continued without an adequate increase in the fare. Probably no other essential industry has been more adversely affected by the war than electric railways. For while their fares have been fixed, their expenses for all materials and supplies, for taxes and for labor have advanced to heights never before attained.

It has been impossible to meet these added expenses by a summary increase of charges for service, as is done in all ordinary forms of business.

Whether or not the fares were originally established by franchise or other contract—they cannot be increased without the consent of public authorities. This alone, regardless of the merits of the case, has imposed upon the companies tedious legal processes and expensive delays.

### **War Conditions and Labor**

The following extraordinary conditions have brought the companies into serious straits:

- 1.—Thousands of experienced employees have been drafted, or have volunteered for service.
- 2.—Thousands of others have gone into other industries, lured by rates of wages, that the railways, on their existing income, cannot possibly meet.
- 3.—The labor market, in fact, has been so drained, that a sufficient number of new employees of the character and intelligence essential to safe public service, are difficult to obtain at any price.

- 4.—Some of the former sources of labor supply are now closed. Industries in New York State, employing 100 or more workers, are not allowed to procure unskilled male labor through the fee-charging agencies. They must obtain them through the New York State Labor Board, and Government work (generally at higher pay) has the preference.
- 5.—Coal has practically doubled in price and is difficult to get, as other war demands have priority over public utilities.
- 6.—The average cost of the most important supplies and materials essential to electric railway operation and maintenance has more than doubled. Materials needed for the proper maintenance of the property such as steel, copper, coal, car axles, gears, paints, wire, babbitt metals, rope, brooms, cotton drilling, waste, cord, etc., have advanced in price from 100% to 300%.
- 7.—The Government has largely absorbed the supply of money, and has established conditions precedent to rendering railway companies financial assistance which are difficult and, for many traction companies, impossible to meet.
- 8.—The monopolization, to a large extent, by the Government of the money market has created high rates of interest for funds absolutely required to complete our contracts with the City. In addition, there have been delays on the part of the City in completing the Subway System, so that your Company has not had available the increased revenue which would otherwise have come from the extension of its lines into new territory.
- 9.—Taxes have largely risen and new war taxes may increase the burden far beyond its present weight.

On the other hand—

- 1.—The National Government has denied that it has power to grant relief. It must be given by local authorities.
- 2.—Although the President and others of high position in the Government have repeatedly called upon the local authorities to recognize the needs of the railways, and their supreme importance to the nation's war program, the response has not been adequate nor immediate.

It need hardly be pointed out that a further delay in increasing fares will result not only in widespread financial losses to investors, but an impairment of service that must eventually inconvenience the public far more than a small increase of fare.

### **The Real Question**

The problem is not one of reduced profits, but of excessive losses. As ex-President Taft said, on August 2nd, in a communication to the President:

“The increase in fare must be given because of the imminent pressure for money receipts now, to keep the street railroads running, so that they may meet the local and national demand for their service.”

In the splendid effort our nation is making, the electric railways are an essential part. But they cannot serve without materials, money and men. No company, and no other agency can continue to supply service at less than it costs.

### **Application for Increased Fares**

It is under these circumstances that your Company has applied to the authorities for increased income.

The most important of all the reasons for an immediate increase of revenue is to enable your company to meet the just demands of its men for wages adequate to meet the still mounting costs of living. Their expenses for groceries, clothing, rent, etc., have gone up at a rate that has far exceeded calculations made when their existing rate of pay—itsself a large increase—was established.

They must have more. That is only justice.

To protect the public's service, wages must be increased. That is only prudence.

## **The Factor of Safety**

Since the organization of the Interborough Rapid Transit Company in 1902, and the commencement of operations in 1904, only the highest class of labor has been employed. This has resulted in your Company becoming almost entirely immune from serious accidents. While all of the latest approved safety devices have been installed, and have performed their part in the safe handling of the public, yet the human element in their operation is a factor which cannot be ignored.

These men cannot be longer retained at their present rate of pay, and the Company cannot increase it and meet the advances in cost of materials without a higher fare. Are the citizens of this City willing to jeopardize this immunity from accident and take the risk of having their rapid transit lines operated by inferior or less skillful employees for the sake of the slight saving effected in maintaining existing fares?

## **The Subway Contracts**

At the time the new subway and elevated contracts were made, it was impossible to foresee a world war and the enormously increased costs of constructing and operating new lines, and of operating the ones already built. The most careful calculations then made by the representatives of the City, the Public Service Commission and your Company, based on a 5-cent fare and pre-war conditions, indicated that under normal circumstances the preferentials and the interest and sinking fund on the Company's investment would be quickly met, and soon thereafter, the City's return upon its investment.

The war negated these calculations. In place of earning the returns indicated, large deficits have arisen and still larger ones are in sight. The City had on December 31st, 1917, an investment of approximately \$60,000,000 in new subways to be operated by this Company. This City investment will approximate \$100,000,000 by the time the lines shall have been completed, the interest on which must be met either from the earnings of the subway lines or through taxation.

### **Taxpayer or Farepayer?**

Who is to meet this difference, the taxpayers or the farepayers? For there is no conflict of interest between your Company and the general public. It lies between the taxpayers and the car riders. One or the other must meet the added costs due to the war, costs, which, when the 5-cent fare was established, were wholly beyond the wisdom of men to foresee.

These deficits can be met in only one of two ways—either by a higher fare, throwing a just part of the burden upon the people who actually get the service, or by taxation which will fall principally upon the already overburdened real estate. This would inevitably result in increased rents, increased grocer's and other tradesmen's bills, and a general increase in the cost of living to all people who live, work and spend their incomes in New York.

### **Asking Outsiders to Pay**

On the other hand, if it is met by increased fares, the burden will be paid in part by the 500,000 to 600,000 non-residents of New York, and strangers who use its subways daily. About half of them are residents of suburban districts in New Jersey, Connecticut or New York State. They make constant use of New York's public services and conveniences but pay no part of the taxation needed to provide them.

### **The City's Deficits**

It is now estimated that unless the 5-cent fare is increased, the city will face on its total Dual Subway investment an annual deficit, varying according to the exigencies of the war, of from \$12,000,000 to \$20,000,000. When it is remembered that every \$10,000,000 increase in the tax budget means at least a five point increase in the tax rate, the advisability of requiring non-residents to pay their just share of the added war costs is impressed.

The Company's contract with the City provides that from the gross revenue of the combined Subway system, the Company shall first receive a specified preferential for co-ordinating the old and new leases and interest and sinking fund upon its newly invested capital, after which the City is to receive a return on its investment. This preferential is cumulative and draws compound interest; therefore, any

surplus resulting from an increased fare would inure to the benefit of the City, enabling it to liquidate any Subway preferentials already accrued, save interest on subsequent accruals, and by applying the balance to the interest on its bonds, reduce to that extent the amount to be raised by taxation. Substantially the same advantages would accrue to the City from an increase in fare upon the Elevated Lines.

### **No Extra Profit to the Company**

Your Company would not—it will be noted—derive any additional compensation over that secured under the contract with the City, but a proper increase would enable it to earn its preferentials currently, meet the just demands of its men for higher wages and to properly maintain its property.

### **Benefit to the City**

Upon the other hand, the increase in fare would not only prevent the accrual against the City, with compound interest, of the Company's deficits in failing to earn its preferential, but would place the City in a position to immediately receive an actual return upon its own investment, and thus enable it, without further increasing the tax burden, to discharge other civic duties, such for instance as the payment of increased wages to teachers, policemen and firemen, and to develop public improvements, of which there is a pressing need.

### **Shrinking of the Nickel's Value.**

By the contract of March 19, 1913, this Company is required to keep its road-bed and equipment in good condition, maintain a frequent service and transport passengers over the entire length of its Subway and Elevated Lines, respectively, for a single fare of five cents. The Company had every right, however, to expect that the City would in turn maintain the parity of its nickel. This was as much a part of the contract as the stipulation of good and adequate service. In 1914 the nickel was worth par and its purchasing power was five cents. Today it is worth three cents and this now measures the extent of its purchasing power. This depreciation is not the fault of the Company. In all large contracts covering a period of time extraordinary hazards, such as insurrection, riot, war, and acts of a kindred nature, are specifically

excepted. The present situation was brought about solely by an act of war. The Government has recognized this by giving relief in all other possible directions. The City should be equally fair to its own transportation lines.

### **Low Cost for Service**

The Interborough Rapid Transit Company is the largest passenger transportation company in the world. It carries more passengers than all of the railroads in the United States combined, at an average of less than one-third their rate per mile. The maximum haul, after the system is completed, will be over twenty-six miles for five cents.

This single fare for all distances was established primarily to relieve conditions in the heart of the city and aid in the development of outlying districts. It involved construction during a period of normal prices, whereas the necessities of the present situation require construction under war prices, and these increased costs must be capitalized against the property. This handicap could be borne until traffic developed, were it not coupled with abnormally high operating costs in every other direction.

These burdens imposed upon the Company as a direct result of the war, while temporary in their nature, it may be hoped, are crushing while they last. They should be met by emergency measures, and should not be allowed to affect the movement of population, and permanently injure property values and the business interests of our people.

The Company's problem, therefore, is one of temporary relief, and in support of the justice of such relief, its case is overwhelming.

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The Management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,  
President.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1918 AND 1917.

YEAR ENDED JUNE 30	1918			1917			Increase Decrease*
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$17,640,720.64	\$20,908,189.29	\$38,548,909.93	\$17,478,275.32	\$20,698,919.82	\$38,177,195.14	\$371,714.79
Other Street Railway Operating Revenue.....	1,016,559.64	932,258.61	1,948,818.25	932,978.37	755,972.93	1,688,951.30	259,866.95
Gross Operating Revenue.....	\$18,657,280.28	\$21,840,447.90	\$40,497,728.18	\$18,411,253.69	\$21,454,892.75	\$39,866,146.44	\$631,581.74
Operating Expenses:							
Maintenance of Way and Structure .....	\$1,175,408.65	988,822.18	\$2,164,230.83	\$965,788.64	\$939,716.19	\$1,905,504.83	\$258,726.00
Maintenance of Equipment.....	1,436,610.59	1,375,362.86	2,811,973.45	1,161,851.00	1,358,013.70	2,519,864.70	292,108.75
Traffic.....	127.30	47.27	174.57	14.70	23.27	37.97	136.60
Transportation Expenses. ....	6,547,191.78	5,925,895.41	12,473,087.19	5,503,832.84	4,872,778.85	10,376,611.69	2,096,475.50
General Expenses.....	794,815.86	869,084.46	1,663,870.32	834,203.72	947,070.27	1,781,273.99	*117,403.67
Total Operating Expenses.....	\$9,954,154.18	\$9,159,182.18	\$19,113,336.36	\$8,465,690.90	\$8,117,602.28	\$16,583,293.18	\$2,530,043.18
Net Operating Revenue .....	\$8,703,126.10	\$12,681,265.72	\$21,384,391.82	\$9,945,562.79	\$13,337,290.47	\$23,282,853.26	*\$1,898,461.44
Taxes .....	2,109,171.84	1,649,411.54	3,758,583.38	2,069,873.33	801,511.50	2,871,384.83	887,198.55
Income from Operation.....	\$6,593,954.26	\$11,031,854.18	\$17,625,808.44	\$7,875,689.46	\$12,535,778.97	\$20,411,468.43	*\$2,785,659.99
Non-Operating Income.....	98,175.44	495,424.54	593,599.98	75,589.89	483,486.84	559,076.73	34,523.25
Gross Income.....	\$6,692,129.70	\$11,527,278.72	\$18,219,408.42	\$7,951,279.35	\$13,019,265.81	\$20,970,545.16	*\$2,751,136.74
Interest and Sinking Fund on City Bonds.....							
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....		\$2,384,537.57	\$2,384,537.57		\$2,375,714.65	\$2,375,714.65	\$8,822.92
Sinking Fund on Interborough Rapid Transit Co. First and Re- funding Mortgage 5% Gold Bonds.....	\$1,078,059.99	3,249,117.35	4,327,177.34	\$737,900.00	2,834,615.06	3,572,515.06	754,662.28
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds		326,986.29	438,821.42				438,021.42
	1,627,360.00		1,627,360.00	1,627,360.00		1,627,360.00	

Interest on Manhattan Railway Second Mortgage 4% Bonds ....	\$180,920.00	\$180,920.00	\$180,920.00	\$180,920.00
Manhattan Railway Rental (Organ- ization) .....	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock .....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense .....	665.35	665.35	625.35	625.35
Interest on Investment of Depre- ciation Reserve .....	\$39,340.55	39,340.55	\$18,897.36	20,443.19
Interest on Unfunded Debt .....	80,407.29	123,314.57	37,550.00	85,714.57
Other Rent Deductions .....	187,092.70	12,420.00	23,244.07	162,958.48
Total Income Deductions .....	\$7,463,840.45	\$6,092,809.05	\$6,805,099.42	\$12,085,186.64
Net Corporate Income .....	\$771,710.75	\$5,434,469.67	\$1,146,179.93	\$8,885,358.52
Add Accruals under Contract No. 3. and Related Certificates .....	2,306,818.74	201,689.52		217,295.86
Dividends on Interborough Rapid Transit Co. Stock (17½%, 1918— 20%, 1917) .....	\$1,535,107.99	\$5,636,159.19	\$1,146,179.93	\$9,102,654.38
Surplus .....		6,125,000.00		7,000,000.00
Per Cent. Expenses to Earnings :				\$2,102,654.38
Excluding Taxes .....	53.35	41.94	45.98	41.60
Including Taxes .....	64.66	49.49	57.22	48.80
Passengers Carried .....	352,660,669	418,337,666	349,380,093	763,574,085
Daily Average Passengers Carried	966,194	1,146,130	957,206	2,091,984
				7,424,250
				20,340

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1918.

## ASSETS

FIXED CAPITAL .....	\$176,724,459.59	
INVESTMENTS .....	26,388,901.69	
ADVANCES TO ASSOCIATED COMPANIES.....	3,870,306.73	
CURRENT ASSETS .....	29,015,036.90	
Cash .....	\$1,947,525.25	
Cash advanced from General Fund for Manhattan Third Tracking (See Contra).....	8,325,000.00	
Cash advanced from General Fund for Manhattan Power Plant Improvements (See Contra).....	1,800,000.00	
Accounts Receivable .....	6,058,871.52	
Bills Receivable .....	40,000.00	
Interest and Dividends Receivable.....	598,195.27	
Material and Supplies.....	3,864,952.51	
Special Deposits:		
To meet Coupons due not presented.....	107,500.00	
To meet Uncollected Dividends on Manhattan Rail- way Company Capital Stock.....	64.75	
To meet Dividend due July 1st, 1918, on Manhattan Railway Company Capital Stock.....	1,050,000.00	
To meet Dividend due July 1st, 1918, on Inter- borough Rapid Transit Company Capital Stock	875,000.00	
To meet Interest due July 1st, 1918, on First and Refunding Mortgage 5% Gold Bonds.....	4,014,625.00	
Deposit to meet refund of 1917 and 1918 Income Tax Collections .....	2.00	
Guaranty Trust Company, Trustee, First and Re- funding Mortgage .....	333,300.60	
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....		4,940,340.95
Subway Contribution Cash.....	\$2,249,172.16	
Manhattan Third Tracking Cash.....	8,918.67	
Elevated Extension Cash.....	2,665,682.60	
Manhattan Power House Cash.....	16,567.52	
PREPAYMENTS .....		320,747.40
Insurance .....	\$281,226.99	
Taxes .....	30,720.66	
Rents .....	8,799.75	
ITEMS AWAITING DISTRIBUTION.....		15,597.82
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....		53,257.50
DEFERRED CHARGES .....		9,242,242.00
Unamortized Debt Discount and Expense.		
TOTAL.....	\$250,570,890.58	

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1918

## LIABILITIES

CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT .....	160,585,000.00
First and Refunding Mortgage 5% Gold Bonds.	
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES .....	31,847,007.38
Interest and Rentals Accrued, not due.....	\$1,377,350.06
Coupons due, not presented.....	107,500.00
Dividends April 1st, 1909, to April 1st, 1918, inclusive, on Manhattan Railway Company Capital Stock, unpaid .....	64.75
Dividends due July 1st, 1918, on Manhattan Railway Company Capital Stock .....	1,050,000.00
Dividends due July 1st, 1918, on Interborough Rapid Transit Company Capital Stock.....	875,000.00
Interest due July 1st, 1918, on First and Refunding Mortgage 5% Gold Bonds.....	4,014,625.00
Due for Wages.....	490,181.85
Bills Payable (of which \$4,000,000 is for equipment Contract No. 3) .....	7,620,000.00
Accounts Payable .....	3,809,630.58
Taxes Accrued .....	2,377,655.14
Third Tracking Cash Liability for Advances from General Fund (see Contra).....	8,325,000.00
Manhattan Power House Cash Liability for Advances from General Fund (see Contra).....	1,800,000.00
RESERVES.....	2,910,894.23
Accrued Amortization of Capital.....	\$1,532,917.99
Manhattan Railway Equipment Reserve.....	150,752.50
Interest on Investment of Depreciation Reserve.....	142,527.71
Manhattan Railway Company 2d Mortgage Bond Dis- count and Expense Amortization.....	1,620.15
Depreciation Reserve under Elevated Extension Cer- tificate .....	280,150.88
Sinking Fund on First and Refunding Mortgage 5% Bonds .....	802,925.00
ITEMS AWAITING DISTRIBUTION.....	1,187,688.99
PROFIT AND LOSS SURPLUS.....	18,662,977.25
TOTAL.....	\$250,570,890.58

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30th, 1918 and 1917

<i>Description</i>	1918	1917	Increase
Interest and Sinking Fund on City Bonds	\$2,384,537.57	\$2,375,714.65	\$8,822.92
Interest on First and Refunding Mortgage 5% Gold Bonds.....	4,327,177.34	3,572,515.06	754,662.28 (1)
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	438,821.42		438,821.42 (2)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,360.00	1,627,360.00	
Interest on Manhattan Railway 2d Mortgage 4% Bonds.....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization).....	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	665.35	625.35	40.00
Interest on Investment of Depreciation Reserve .....	39,340.55	18,897.35	20,443.19 (3)
Interest on Unfunded Debt.....	123,314.57	37,600.00	85,714.57
Other Rent Deductions.....	199,512.70	36,554.22	162,958.48 (4)
Total Income Deductions.....	<u>\$13,556,649.50</u>	<u>\$12,085,186.64</u>	<u>\$1,471,462.86</u>

### NOTES

(1) Due to charging to Income Account the Interest on First and Refunding Mortgage 5% Bonds issued to provide funds for those portions of the new lines opened for service, as follows:

Queensboro Subway,	February 1st and April 21st, 1917.
White Plains Road Line,	March 3d and 31st, 1917.
Lexington-Jerome Avenue Line,	June 2d, 1917.
Lexington-Seventh Avenue Line,	June 3d, 1917.
West Farms Branch,	
(Elevated Extension)	July 2d, 1917.
Queensboro Bridge Line,	
(Elevated Extension)	July 23d, 1917.
Eighth Avenue and 162d Street Connection to Sedgwick Avenue,	
(Elevated Extension)	January 6th, 1918.

(2) Accrual of Sinking Fund of one-half of 1% semi-annually from January 1st, 1918.

(3) This amount is offset by interest accruals in the account "Investment of Depreciation Reserve" at \$39,340.55 carried into and forming part of "Non-Operating Income" for the year.

(4) Due to Rental charged against Manhattan Railway Division for use of jointly operated (Subway) tracks running to Astoria and Corona in the Borough of Queens (corresponding credit made to Subway Division) and \$9,357.63 for Rental of Putnam Railroad Bridge (155th Street and Eighth Avenue from January 6th to June 30th, 1918).

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30th, 1918**  
**CHARGEABLE TO CAPITAL ACCOUNT**

**A—On Existing Lines—Manhattan Railway Division**

Land Damages and Legal Expenses in connection therewith.	
Station at 151st Street and Eighth Avenue.	
Cement Storage Building, 159th Street Yard.	
Garage on Third Avenue between 98th and 99th Streets.	
Definite Time Limit Relays, 74th Street Power Station.	
Making a charge to the Manhattan Railway Construction	
Account of .....	\$153,303.77
<i>Credit:</i>	
Cash Received from Manhattan Railway Company.....	267,736.62
Resulting in a Net Credit to the Manhattan Railway Construc-	
tion Account of.....	\$114,432.85

**SUBWAY DIVISION**

Converting 12 Dump Cars into Flat Cars.	
Connection at Subway Stations with United Electric Light and Power	
Company for emergency light.	
Movable station platforms on stations constructed on curves.	
Remote control circuit breakers at the ends of all underground feeders.	
600-foot Safety Zones between Sub-stations.	
Making a charge to the Interborough Rapid Transit Company Fixed	
Capital Account of.....	39,499.83

**B—New Subways, Elevated Improvements and Extensions**

CONTRACT No. 3:		
Construction .....	\$6,054,619.18	
Equipment .....	18,020,118.73	\$24,074,737.91
MANHATTAN THIRD TRACKING:		
Plant and Structure.....	\$1,190,624.01	
Equipment .....	71,490.46	1,262,114.47
ELEVATED EXTENSIONS:		
Plant and Structure.....	\$1,444,586.15	
Equipment .....	627,136.59	2,071,722.74
MANHATTAN POWER PLANT IMPROVEMENTS.	899,750.22	
ADDITIONS TO COMPANY LINES UNDER EX-		
TENSION CERTIFICATE .....	34,485.24	28,342,810.58
TOTAL.....		\$28,267,877.56

## **COLLATERAL SECURING FIRST AND REFUNDING MORTGAGE 5% BONDS, DATED JANUARY 1, 1913**

1. The First and Refunding Mortgage to Guaranty Trust Company covers all the right, title and interest of the Interborough Company in and to the real estate and the buildings thereon erected, situate in the City of New York, constituting the main power house and electric sub-stations, and also all machinery and appliances for the generation and transmission of electric power therein contained, constituting a part of the equipment of the rapid transit railroads operated by the Company under the Rapid Transit Contracts No. 1 and No. 2, hereinafter referred to, and together with all other equipment including all rolling stock and motors purchased or acquired pursuant to the said Contracts, and all machinery, wires, conduits, subways, implements and devices, including power houses or real estate used by the Company for the generation or transmission of motive power and all apparatus and devices for signalling and ventilations which may be provided by the Company at its own expense, pursuant to the provisions of the said contracts having an aggregate value at the present time of approximately \$40,000,000. Also all equipment used or intended for use on the said railroads acquired pursuant to the provisions of said contracts or with the proceeds of bonds issued under the mortgage; and subject only to the lien reserved in said contracts by the City of New York for the faithful performance thereof.

2. Certain parcels of real estate, buildings and improvements thereon, including terminal properties situate in the City of New York not constituting part of the equipment of the Company under or in connection with the said Contracts No. 1 and No. 2, or either of them, but subject to all rights of the City of New York under said Contract No. 1 or said Contract No. 2.

3. The lease part of the aforesaid Contract No. 1, dated February 21, 1900, between John B. McDonald and the City of New York, duly assigned to the Interborough Company under date of July 10, 1902, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company, of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of the City of New York, created by or arising out of the provisions of the Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company.

4. The lease part of the aforesaid Contract No. 2, dated July 21, 1902, between Rapid Transit Subway Construction Company and the City of New York, assigned to the said Interborough Company, August 10, 1905, and the leasehold interest of the Interborough Company therein, and all the right, title, interest, claim and demand whatsoever of the Interborough Company of, in and to the said lease part of said contract and the premises and property covered thereby; *subject, however*, to any and all rights of the City of New York created by or arising out of the provisions of the aforesaid Contract No. 3, dated March 19, 1913, hereinafter referred to, between the City of New York and the Interborough Company.

5. The said Contract No. 3, dated March 19, 1913, between the City of New York and the Interborough Company, including:

(a) The leasehold interest of the Company thereunder and all the right, title, interest, claim and demand whatsoever of the Company, of, in and to said contract and the terms and property subject, or to become subject thereto:

(b) Any and all sums of money, indemnity bonds or other security and other property of every kind, payable, or paid to, or receivable, or received by the Company, or its successors in the event of the termination by the City of New York of said contract as to all or any part of the lines covered thereby under any of the provisions thereof; and

(c) Any and all sums of money, indemnity bonds or other security and other property of every kind payable or paid to, or receivable or received by, the Company, or its successors, in the event that the City of New York, or its licensees, shall enter into possession of, or operate the railroads or any thereof, subject to the provisions of said contract.

6. The lease executed to the Company by the Manhattan Company, dated January 1, 1903, hereinafter referred to, subject to an agreement entered into between the Interborough Company and the Manhattan Railway Company, dated March 15, 1913, including

(a) Any and all right, title and interest of the Company in or to railroad property and appurtenances constructed or acquired, or provided by the Company for, or in connection with the railroads constructed pursuant to provisions of the Certificate, dated March 19, 1913, granted by the Public Service Commission for the First District in respect of the construction, equipment and operation of the railroads designated in said Certificate, Second Avenue additional tracks, Third Avenue additional tracks and Ninth Avenue additional tracks; in the Boroughs of Manhattan and Bronx in the City of New York.

(b) Any and all equipment and other property constructed or acquired by the Company for use upon, or in connection with said railroads, or any thereof; and

(c) Any and all sums of money, indemnity bonds, or other security and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorization or licenses granted by said Certificate, but excepting any and all equipment and other property which is, or may be paid for, or reimbursed by the Manhattan Railway Company pursuant to the provisions of Article Second of the said agreement between the Company and the Manhattan Railway Company, dated March 15, 1913, and excepting (unless such equipment or other property to be hereafter acquired by bonds issued hereunder or the proceeds thereof) also the payments or other form of reimbursement received by the Interborough Company thereunder.

7. The franchises, authorizations, licenses and rights conferred upon, or vested in the Company under and pursuant to the provisions of the Certificate dated March 19, 1913, granted by the Public Service Commission for the First District, in respect of the construction, equipment and operation of the lines of railroad designated in said Certificate. The Webster Avenue Line, Eighth Avenue and 162d Street Connection, the Queensboro Bridge Line, and the West Farms Subway Connection, in the Boroughs of Manhattan, Bronx and Queens, in the City of New York, including

(a) The railroad, property, appurtenances and equipment constructed or provided by the Company pursuant to the provisions of said Certificate; and

(b) Any and all sums of money, indemnity bonds, or other securities and other property of every kind payable or paid to, or receivable or received by the Company, or its successors, in the event of the termination by the City of New York of the authorizations and licenses granted by the said Certificate.

8. Any and all proceeds of bonds secured by the said First and Refunding Mortgage to Guaranty Trust Company, dated March 20, 1913, whether held by the Company or deposited for its account in any depository, subject, however, to the right of the Company to withdraw and to disburse such proceeds for the purposes for which the same shall be applicable under the provisions of said mortgage, and to deposit such part thereof as may be required under the terms of the aforesaid Contract No. 3 with the City of New York as security for the performance by the Company of said Contract.

9. All other property, real or personal, acquired at any time subsequent to the date of said mortgages by the Company with bonds issued thereunder, or the proceeds thereof, other than such of said bonds as shall be certified and delivered to the Company in reimbursement for its expenditures theretofore made for the acquisition for property that shall have been subjected to the lien of the said mortgage, or upon property that shall be subject thereto, subject, however, to any and all rights or liens upon any such property created by or vested in the City of New York under the provisions of the said Contract No. 3 or the said Interborough Certificate, or the said Manhattan Certificate.

10. 18,140 shares of the capital stock of Subway Realty Company, a corporation of the State of New York having an authorized capital stock of \$2,000,000 of the par value of \$100 each.

11. Any and all additional shares of stock which hereafter shall be acquired by the Company, with the proceeds of bonds issued under the said Mortgage, in any corporation of which a majority of the stock shall be subject thereto.

12. All bonds, obligations and evidences of indebtedness of and claims and demands and rights of action against any corporation or association, the greater part of whose capital stock shall at any time be subject to the said mortgage, which the Company owned, or was entitled to at the date of said mortgage, and all mortgages, liens and charges upon or against any part of the property of any such corporation then owned or possessed, or which with the proceeds of bonds issued under said mortgage, shall thereafter be acquired by the Company.

13. All property of every name and nature, from time to time hereafter, by delivery or by writing of any kind, for the purposes hereof, pledged, assigned or transferred by the Company, or with its written consent by any one in its behalf, to the Trustee, together with any and all rents, issues, profits, tolls and other income of the lines of railway or other properties, including leasehold estates hereinbefore described, and any and all right, title and interest which may be hereafter acquired by the Company in, or to any of said lines of railway or other properties, including leasehold estates.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1918**

**MANHATTAN RAILWAY DIVISION**

	1918	1917
<b>PASSENGER CARS:</b>		
Motor, closed .....	1,020	1,021—1
Trailer, closed .....	715	715
Trailer, open .....	36	36
Total .....	1,771	1,772
<b>SERVICE CARS:</b>		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Box, motor, steel.....	2	2
Pay, trailer, closed.....	1	1
Supply, trailer, closed.....	15	16—1
Tool, trailer, closed.....	1	1
Ticket, trailer, closed.....	2	2
Flat, trailer .....	29	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
Total .....	60	61
Total, Manhattan Railway Division.....	1,831	1,833

**ELEVATED EXTENSIONS**

<b>PASSENGER CARS:</b>		
Motor, composite closed.....	477	477

**SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

<b>PASSENGER CARS:</b>		
Steel, motor, closed.....	787	787
Steel, trailer, closed.....	352	352
Total .....	1,139	1,139
<b>SERVICE CARS:</b>		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Observation, motor, closed.....	1	1
Flat, steel, motor.....	7	7
Pay, trailer, closed.....	1	1
Emergency, pump, trailer.....	1	1
Flat, wooden, trailer.....	17	17
Flat, steel, trailer.....	18	12
Hopper, steel, trailer.....	1	1
Dump, steel, trailer.....	2	12
Box, steel, trailer.....	2	2
Refuse, steel, trailer.....	4	0
Total .....	56	56
Total, Subway Division.....	1,195	1,195

**SUBWAY DIVISION—CONTRACT NO. 3**

<b>PASSENGER CARS:</b>			
Steel, motor, closed.....	353	102	+251
Steel, trailer, closed.....	92	0	+ 92
<b>SERVICE CARS:</b>			
Motor, steel, instruction.....	1	0	+ 1
Total—Cars of all Descriptions.....	3,949	3,607	+342

**INTERBOROUGH RAPID TRANSIT COMPANY**

**VOLUNTARY RELIEF DEPARTMENT OPERATIONS**

**YEAR ENDED JUNE 30th, 1918**

**FINANCIAL STATEMENT**

Receipts to June 30th, 1917, inclusive.....	\$847,382.39	
Less loss on sale of New York City Tax Exempt 4¼% Bonds .....	607.81	\$846,774.58

*Receipts for year ended June 30th, 1918.*

Contributions from members.....	\$80,874.38	
Interest on investments and bank balances.....	2,620.03	83,494.41
		<u>\$930,268.99</u>
Received from the Company in advance of collection of contributions....		24,475.73
		<u>\$954,744.72</u>
Total Receipts .....		\$954,744.72
Disbursements to June 30th, 1917, inclusive.....	\$793,944.80	

*Disbursements for year ended June 30th, 1918.*

Accident Benefits paid.....	\$3,221.25	
Sickness Benefits paid.....	48,730.75	
Death Benefits paid.....	54,888.10	
Contributions Refunded .....	702.32	107,542.42
		<u>\$901,487.22</u>
Total Payments .....		\$901,487.22

*Investments.*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost.....	\$43,456.25	
\$10,000 Interborough Rapid Transit Company First and Re-funding Mortgage 5% Gold Bonds, due 1966, at cost	9,801.25	\$53,257.50

**MEMBERSHIP STATEMENT**

Membership June 30th, 1917.....	6,359
Employees admitted to membership during year ended June 30th, 1918 .....	1,746
Loss Account of resignations, dismissals, deaths, etc.....	<u>2,017</u>
Net Loss during the year.....	271
Total membership June 30th, 1918.....	6,088
During the year the Medical Examiners have made 6,035 calls on disabled members.	

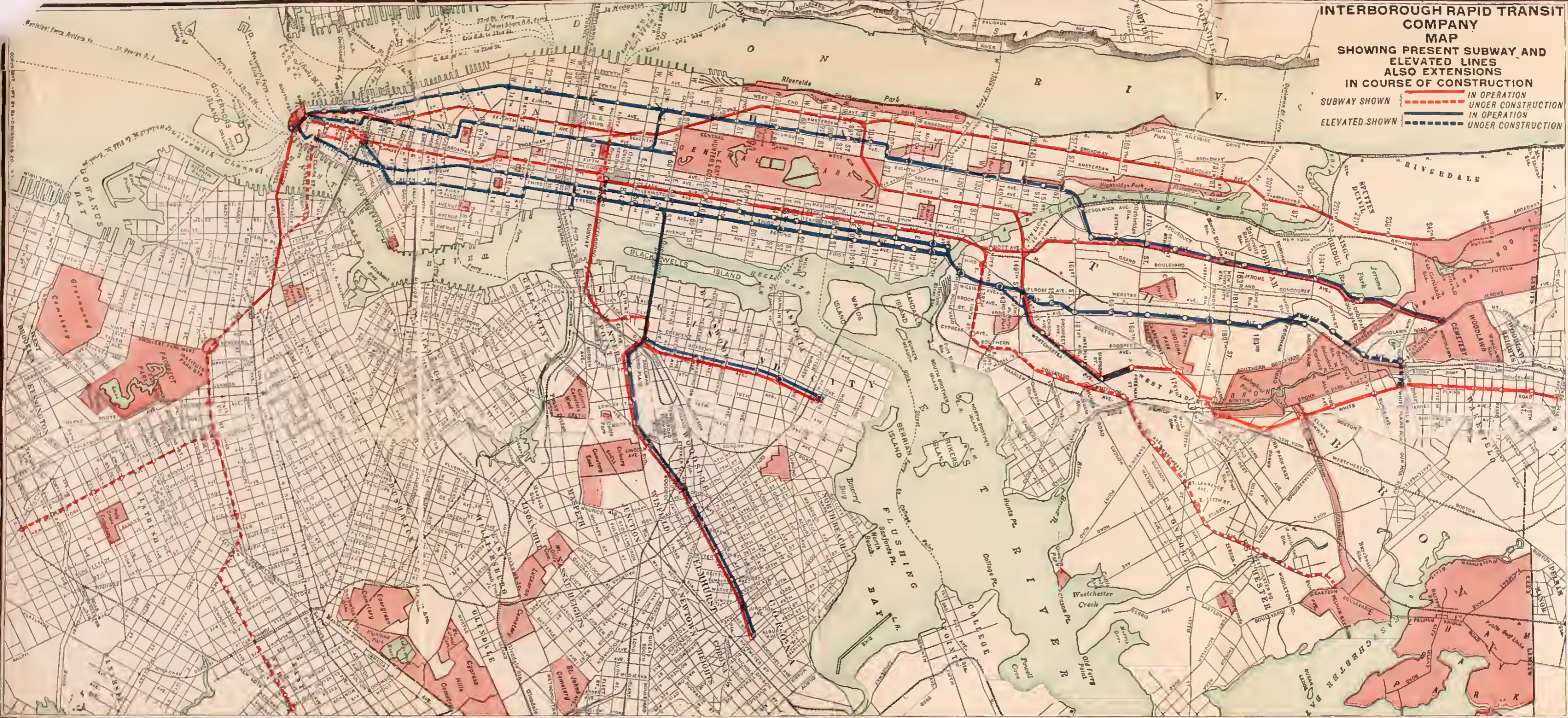
# CONDENSED STATEMENT OF OPERATING RESULTS OF THE INTERBOROUGH RAPID TRANSIT COMPANY

FISCAL YEAR	1918	Per Cent. of Gross Oper. Rev.	1917	Per Cent. of Gross Oper. Rev.	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
INCOME																												
Revenue from Transportation.....	\$38,548,909.93	95.19	\$38,177,195.14	95.76	\$34,182,100.52	95.24	\$32,365,306.32	96.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue.....	1,948,818.25	4.81	1,688,951.30	4.24	1,709,427.77	4.76	1,068,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,558.37	2.80	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.04	2.18
Gross Operating Revenue.....	\$40,497,728.18	100.00	\$39,866,146.44	100.00	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
OUTGO																												
Maintenance of Way and Structures—Actual.....	\$2,068,686.48	5.11	\$1,801,474.26	4.52	\$1,539,216.66	4.29	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,641.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual.....	2,667,436.18	6.58	2,121,720.74	5.32	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance.....	\$4,736,122.66	11.69	\$3,923,195.00	9.84	\$3,671,556.11	10.23	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structures—Depreciation.....	\$95,544.35	.23	\$104,030.57	.26	\$288,103.01	.80	\$192,881.05	.57	\$37,357.66	.15	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	144,537.27	.36	398,143.96	1.00	381,122.48	.92	368,343.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	453,112.66	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation.....	\$240,081.62	.59	\$502,174.53	1.26	\$669,225.49	1.72	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$530,651.59	1.28	\$181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation.....	\$4,976,204.28	12.28	\$4,425,369.53	11.10	\$4,290,781.60	11.95	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses.....	174.57	.....	37.97	.....	542.87	.....	145.17	.....	138.14	.....	452.03	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Expenses.....	12,473,087.19	30.80	10,376,611.69	26.03	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accidents and Damages.....	474,436.58	1.17	661,023.49	1.66	551,886.14	1.54	386,244.07	1.16	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	202,534.67	.88	131,595.30	.77	131,595.30	.77
General Expenses.....	1,189,433.74	2.94	1,120,250.50	2.81	834,597.85	2.32	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,993.47	3.56	659,842.51	3.28	529,439.44	3.08
Total Operating Expenses.....	\$19,113,336.36	47.19	\$16,583,293.18	41.60	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net Operating Revenue.....	21,384,391.82	52.81	23,282,853.26	58.40	21,883,362.32	60.97	20,492,428.59	61.29	20,613,342.33	61.50	19,237,127.58	59.20	18,198,590.46	58.24	17,398,370.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.59	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non-Operating Income.....	593,599.98	1.46	559,076.73	1.40	580,830.88	1.62	623,631.25	1.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
Total Deductions.....	\$21,977,991.80	54.27	\$23,841,929.99	59.80	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.94	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
DEDUCTIONS																												
Taxes.....	\$3,758,583.38	9.28	\$2,871,384.83	7.20	\$2,341,606.64	6.53	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.66	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,965.37	6.02	\$1,390,560.13	6.91	\$1,203,734.52	7.00
Interest on Bonds (Rental).....	4,192,817.57	10.35	4,183,994.65	10.50	4,085,440.16	11.38	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,228.19	15.72	3,220,156.19	16.01	2,433,370.61	14.14
Manhattan Dividends (Rental).....	4,200,000.00	10.37	4,200,000.00	10.53	4,200,000.00	11.70	4,200,000.00	12.57	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.44	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,000.00	17.97	3,864,000.00	19.20	3,864,000.00	22.46
Manhattan Cash Rental.....	35,000.00	.09	35,000.00	.09	35,000.00	.10	35,000.00	.10	35,000.00	.11	17,500.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.04	10,000.00	.05	10,000.00	.06
Interest on Notes and 5% Bonds.....	4,327,177.34	10.69	3,572,515.06	8.96	3,043,630.26	8.48	2,632,572.97	7.87	2,720,882.77	8.12	1,854,647.92	5.71	1,617,033.74	5.18	1,812,913.34	6.09	2,065,621.65	7.12	1,999,281.67	7.54	1,250,000.00	5.06	766,666.67	3.35	356,666.67	1.77	.....	.....
Sinking Fund on 5% Bonds.....	438,821.44	1.08	.....	.....	.....	.....	.....	.....	113,196.66	.34	336,290.84	1.04	329,692.50	1.06	300,000.00	1.01	200,000.00	.69	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Amortization.....	665.35	.....	625.35	.....	312.67	.....	.....	.....	3,565.37	.01	31,758.12	.10	97,086.74	.31	31,269.98	.10	12,929.64	.04	12,212.89	.05	7,984.67	.03	.....	.....	.....	.....	.....	.....
Interest on Unfunded Debt.....	123,314.57	.31	37,600.00	.09	37,500.00	.10	37,500.00	.11	37,500.00	.11	643,333.34	1.98	786,180.54	2.52	416,292.94	1.40	233,005.61	.80	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Rent Deductions.....	199,512.70	.49	36,554.22	.09	7,376.48	.02	.....	.....	7,376.48	.02	6,576.56	.02	6,576.56	.02	6,909.90	.02	9,119.37	.03	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest on Investment of Depreciation Reserve.....	39,340.55	.10	18,897.36	.05	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Deductions.....	\$17,315,232.88	42.76	\$14,956,571.47	37.51	\$13,750,866.21	38.31	\$13,047,575.57	39.02	\$13,201,614.62	39.39	\$13,187,549.73	40.58	\$12,980,024.33	41.54	\$12,598,249.07	42.32	\$12,303,382.22	42.45	\$11,822,769.85	44.57	\$10,856,115.93	43.95						

Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
2.40	436,036.00	2.17	374,213.04	2.18
100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
5.11	\$945,631.16	4.70	\$842,683.48	4.90
6.69	1,123,318.29	5.58	1,016,233.50	5.91
11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
.....	.....	.....	.....	.....
25.65	5,399,048.37	26.83	4,877,432.70	28.35
.88	272,983.26	1.36	131,595.30	.77
3.56	659,842.51	3.28	529,439.44	3.08
41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
58.11	11,720,306.53	58.25	9,803,699.39	56.99
1.21	289,967.16	1.44	127,327.02	.74
59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
6.02	\$1,390,560.13	6.91	\$1,203,734.52	7.00
15.72	3,220,156.19	16.01	2,433,370.61	14.14
17.97	3,864,000.00	19.20	3,864,000.00	22.46
.04	10,000.00	.05	10,000.00	.06
3.35	356,666.67	1.77	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
43.10	\$8,841,382.99	43.94	\$7,511,105.13	43.66
16.22	\$3,168,890.70	15.75	\$2,419,921.28	14.07

**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
ALSO EXTENSIONS  
IN COURSE OF CONSTRUCTION**

SUBWAY SHOWN --- IN OPERATION  
--- UNDER CONSTRUCTION  
ELEVATED SHOWN --- IN OPERATION  
--- UNDER CONSTRUCTION





1918-1919

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1919

PRINT  
JOHN WARD & SON  
NEW YORK






### AUGUSTUS D. JUILLIARD

It is with deep grief that we announce the death during the past year of Augustus D. Juilliard, a Director of the Company since January 18th, 1916, who died at his residence, No. 11 West 57th Street, on Friday, April 25th, 1919.

The Board of Directors of the Interborough Rapid Transit Company at a meeting held on Tuesday, April 29th, 1919, unanimously adopted the following resolutions in memory of Mr. Juilliard:

“RESOLVED: That the Directors of the Interborough Rapid Transit Company learn with deep grief of the loss of their revered associate, Augustus D. Juilliard, a man of sterling character whose advice and suggestions were of great assistance to the Company, and whose uniform courtesy will be held in loving remembrance by his colleagues.

FURTHER RESOLVED: That these resolutions be entered upon the minutes of the Company and that an engraved copy be sent to the bereaved family.”



# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1919

THOMAS DE WITT CUYLER .....	Philadelphia
HARVEY D. GIBSON .....	New York
DANIEL G. REID .....	New York
BRIG. GEN. GUY E. TRIPP .....	New York

### TERMS EXPIRE 1920

MORGAN BELMONT .....	New York
H. M. FISHER .....	Plainfield, N. J.
A. J. HEMPHILL .....	New York
MORGAN J. O'BRIEN .....	New York
THEODORE P. SHONTS .....	New York

### TERMS EXPIRE 1921

MAJOR AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
W. LEON PEPPERMAN .....	New York
F. DE C. SULLIVAN .....	New York
BRIG. GEN. CORNELIUS VANDERBILT .....	New York

## EXECUTIVE COMMITTEE

MAJOR AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
THOMAS DE WITT CUYLER .....	Philadelphia
THEODORE P. SHONTS .....	New York
BRIG. GEN. CORNELIUS VANDERBILT .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY	
Chairman of Board—MAJOR AUGUST BELMONT,	
43 Exchange Place, New York City	
President and Chairman Executive Committee,	THEODORE P. SHONTS
Assistant to President.....	W. LEON PEPPERMAN
Vice-President and General Manager.....	FRANK HEDLEY
Vice-President.....	D. W. ROSS
Secretary.....	H. M. FISHER
Treasurer.....	J. H. CAMPBELL
General Counsel.....	RICHARD REID ROGERS
General Attorney.....	JAS. L. QUACKENBUSH
Auditor.....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND
Registrar of First and Rfdg. Mtge. 5% Bonds, SECRETARY'S OFFICE	
Transfer Agents.....	OFFICE OF SECRETARY
Annual Stockholders' Meeting, Fourth Wednesday in September	

# **MILEAGE—Revised to June 30, 1919**

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contract 1 and 2 .....	25.72	0.63	10.41	7.18	7.50	....	12.30	85.29
Contract 3:								
Atlantic Ave. ....		0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Corona Line .....	4.21	...	0.30	3.91	....	....	0.28	12.61
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Pelham Bay Park Line	3.10	....	0.23	2.87	....	....	0.25	9.32
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.22	5.98
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.49	....	....	4.49	....	....	0.33	13.80
Manhattan Division .....	37.67	....	7.28	27.39	2.84	0.16	21.41	130.30
8th Ave. and 162d St. Connection .....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge Line .....	1.35	....	1.35	....	....	....	0.03	2.73
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	100.72	1.34	26.85	53.53	18.28	0.86	37.37	330.42

## **Opened for Operation During the Year**

July 1st, 1918—0.41 miles Eighth Avenue and 162nd Street Connection, Sedgwick Avenue to Jerome Avenue.

July 1st, 1918—3.57 miles between Pennsylvania Station and Bowling Green, connecting with old Subway at South Ferry.

July 1st, 1918—0.88 miles of Clark Street Line, from Chambers Street to Wall Street.

July 17th, 1918—4.81 miles on Lexington Avenue from Grand Central to 135th Street and Park Avenue, Mott Haven.

July 17th, 1918—0.49 miles added to Jerome Avenue Line, from 135th Street and Park Avenue to 149th Street, Lexington Avenue Line.

August 1st, 1918—0.19 miles on Lexington Avenue Line, Park Avenue Connection, from Grand Central to connection with old subway.

August 1st, 1918—0.13 miles on Seventh Avenue Line, connection between Times Square and old subway.

August 1st, 1918—0.40 miles on Pelham Line, from 135th Street and Park Avenue to 138th Street and Third Avenue.

August 1st, 1918—0.55 miles—149th Street Loops, connecting new and old subways at 149th Street and Mott Avenue.

January 7th, 1919—2.70 miles on Pelham Line, from Third Avenue and 138th Street to Hunts Point Road Station.

April 15th, 1919—1.43 miles of Clark Street Line, from Wall Street to Borough Hall.

April 15th, 1919—0.14 miles of third track

April 15th, 1919—0.11 miles of fourth track

April 15th, 1919—0.02 miles of turnouts and crossovers

} On account of reconstruction of platforms at Atlantic Avenue Station for four tracks.

April 15th, 1919—0.04 miles of fourth track added to Ninth Avenue elevated structure on account of extending Eighth Avenue and 162nd Street Connection.

# ANNUAL REPORT

## OF THE

# Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1919.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1919.

The comparative income account for the years ended June 30, 1919 and 1918, is:

### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1919	1918	Increase Decrease
Gross Operating Revenue.....	\$43,207,209.83	\$40,497,728.18	\$ 2,709,481.65
Operating Expenses.....	26,233,326.40	19,113,336.36	7,119,990.04
Net Operating Revenue.....	\$16,973,883.43	\$21,384,391.82	\$4,410,508.39
Taxes .....	3,134,156.90	3,758,583.38	624,426.48
Income from Operation.....	\$13,839,726.53	\$17,625,808.44	\$3,786,081.91
Non-Operating Income.....	607,302.08	593,599.98	13,702.10
Gross Income.....	\$14,447,028.61	\$18,219,408.42	\$3,772,379.81
Income Deductions.....	18,257,368.53	13,556,649.50	4,700,719.03
Net Corporate Income for the Year...	\$ 3,810,339.92	\$ 4,662,758.92	\$8,473,098.84
Add:			
†Surplus, June 30, 1918 and June 30, 1917...	\$15,705,569.52	\$17,199,878.34	\$1,494,308.82
Other Credits.....	25,110.00	137,296.65	112,186.65
Totals .....	\$11,920,339.60	\$21,999,933.91	\$10,079,594.31
Appropriated for:			
Amortization, Capital Retirements and Other			
Charges .....	\$ 18,247.07	\$ 169,364.39	\$ 151,117.32
Dividends .....	1,750,000.00	6,125,000.00	4,375,000.00
Total Appropriations.....	\$ 1,768,247.07	\$ 6,294,364.39	\$4,526,117.32
†Profit and Loss—Surplus.....	\$10,152,092.53	\$15,705,569.52	\$5,553,476.99

†Stated exclusive of accruals under Contract 3 and Related Certificates payable from future earnings and aggregating as of June 30, 1918, \$2,957,407.73 and as of June 30, 1919, \$10,457,478.12. For analysis of Profit and Loss Surplus see page 30.

## Statement of Operations for the Year Ended June 30th, 1919

Gross Operating Revenue.....	\$43,207,209.83
Operating Expenses.....	26,233,326.40
Net Operating Revenue.....	\$16,973,883.43
Taxes .....	3,134,156.90
Income from Operation.....	\$13,839,726.53
Non-Operating Income.....	607,302.08
Gross Income.....	\$14,447,028.61
Interest and Sinking Fund on City Bonds.....	\$2,413,637.70
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	6,801,795.18
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	1,552,585.86
Interest on Three-Year 7% Notes.....	860,914.93
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,360.00
Interest on Manhattan Railway Second Mortgage 4% Bonds	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00
Interest on Unfunded Debt.....	148,127.39
Other Rent Deductions.....	394,671.29
Interest on Investment of Depreciation Reserve.....	41,690.83
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	665.35
Total Income Deductions.....	\$18,257,368.53
Net Corporate Income.....	\$ 3,810,339.92
Dividends on Interborough Rapid Transit Company Stock, (5%).....	1,750,000.00
Deficit .....	\$ 5,560,339.92
Accruals under Contract No. 3 and Related Certificates.....	7,500,070.39
Balance .....	\$ 1,939,730.47
Per Cent., Expenses to Earnings.....	60.71
Passengers Carried.....	809,335,658

## Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1919, was \$43,207,209.83, as compared with \$40,497,728.18 last year, an increase of \$2,709,481.65 or 6.69%, the result of a gain on the Subway Division of \$2,791,760.06 or 12.78%, and a decrease on the Manhattan Railway Division of \$82,278.41 or 0.44%.

## **Operating Expenses**

Operating Expenses were \$26,233,326.40 as compared with \$19,-113,336.36 last year, an increase of \$7,119,990.04 or 37.25%, of which \$5,218,716.81 was on the Subway Division, caused by an increase of 14,800,651 in the car mileage operated, an increase of 15.15 in the number of miles of road operated at the close of the year, and the continued tendency to increased cost of labor and materials.

On the Manhattan Division the increase of \$1,901,273.23 reflects the continued increase in the cost of labor and materials, and the increase of 2,665,082 car miles operated.

## **Net Operating Revenue**

The Net Operating Revenue was \$16,973,883.43 as compared with \$21,384,391.82 last year, a decrease of \$4,410,508.39 or 20.62%, the result of a loss on the Subway Division of \$2,426,956.75 or 19.14%, and a loss on the Manhattan Railway Division of \$1,933,-551.64 or 22.79%.

## **Taxes**

The total amount of Taxes was \$3,134,156.90 as compared with \$3,758,583.38 last year, a decrease of \$624,426.48 or 16.61%; Subway Division shows a decrease of \$767,236.25 or 46.51% as the result of diminished net income of the Company.

Manhattan Railway Division shows an increase of \$142,809.77 or 6.77%, the result of an increase in the Special Franchise and Real Estate Taxes.

## **Income from Operation**

Income from Operation was \$13,839,726.53 as compared with \$17,625,808.44 last year, or a decrease of \$3,786,081.91 or 21.48%, the result of a loss on the Subway Division of \$1,659,720.50 or 15.04%, and a loss on the Manhattan Railway Division of \$2,126,-361.41 or 32.25%.

### **Non-Operating Income**

Non-Operating Income was \$607,302.08 as against \$593,599.98 last year, an increase of \$13,702.10 or 2.31%.

### **Gross Income**

Gross Income was \$14,447,028.61 as compared with \$18,219,-408.42 last year, a decrease of \$3,772,379.81 or 20.70%, the result of a loss on the Subway Division of \$1,660,200.88 or 14.40%, and a loss on the Manhattan Railway Division of \$2,112,178.93 or 31.56%.

### **Income Deductions**

Income Deductions were \$18,257,368.53 as compared with \$13,-556,649.50 last year, an increase of \$4,700,719.03 or 34.67%, the details of which are set out on Page No. 31.

### **Traffic**

The number of passengers carried was 809,335,658 compared with 770,998,335, an increase of 38,337,323 or 4.97%, the result of a gain on the Subway Division of 42,809,392 or 10.23%, and a loss on the Manhattan Railway Division of 4,472,069 or 1.27%.

The gain on the Subway Division was the result of an increase of 110,936,477 in ticket sales at stations of the lines constructed and equipped under Contract No. 3 and a decrease of 68,127,085 in the ticket sales at stations of the original subway lines, largely the result of the readjustment of traffic following the opening of the letter "H" on August 1st, 1918.

### **Maintenance**

\$7,292,197. was spent during the year for maintaining the structure, roadway, power houses, electrical equipment and rolling stock. Included therein are items of maintenance consisting of reinforcing and strengthening the elevated structure, rebuilding stairways and platforms, constructing coal storage bins with track connections, providing proper accommodations at terminals and stations for women employees. Steel rails were renewed on 8.37 miles of track on the Manhattan Division, and 23.27 miles on the Subway Division, and 18,730 ties were renewed on the Manhattan Division and 34,638 on the Subway Division.

# Financial

	1919	1918
Capital Stock.....	\$ 35,000,000	\$ 35,000,000
First and Refunding Mortgage 5% Gold Bonds dated January 1st, 1913, due January 1st, 1966.....	160,893,000	160,585,000
Three-Year Secured Convertible 7% Gold Notes, dated September 1st, 1918.....	39,199,000	
Totals .....	\$235,092,000	\$195,585,000

The First and Refunding 5% Gold Bonds dated January 1st, 1913, and the 7% Gold Notes dated September 1st, 1918, were issued for the following purposes:

	Bonds	Notes
To provide funds for Subway Construction and Equipment under Contract No. 3 dated March 19th, 1913.....	\$ 79,309,525	\$ 21,066,380
To provide funds for Elevated Third Tracking under certificate dated March 19th, 1913.....	11,646,316	12,258,201
To provide funds for Elevated Extensions under certificate dated March 19th, 1913 .....	14,094,593	3,384,539
To provide funds for the Manhattan Division Power Plant Improvements.....	3,227,566	2,489,880
For the refunding of \$15,000,000 Notes, due May 1st, 1913, and Forty-five Year Mortgage 5% Gold Bonds dated November 1st, 1913.....	52,615,000	
	\$160,893,000	\$ 39,199,000

In September, 1918, the Company sold and delivered through the War Finance Corporation and Messrs. J. P. Morgan & Company \$33,400,000 of Interborough Rapid Transit Company Three-Year Secured Convertible 7% Gold Notes dated September 1st, 1918, the Bankers agreeing to purchase, under certain terms and conditions, notes to the face amount of \$20,900,000 at 95½% and accrued interest; the agreement on the part of the War Finance Corporation was to advance to the Company, also under certain terms and conditions, the amount equivalent to the purchase price of 95½% and accrued interest of notes to the face amount of \$12,500,000, with option to the Company to repurchase at 96½% and accrued interest before December 1st, 1918.

In November, 1918, there was sold to Messrs. J. P. Morgan & Company an additional \$6,016,000 said notes, at 95½% and accrued interest.

The proceeds from the sale of the notes, hereinabove described, viz., \$37,642,280, in accordance with the Public Service Commission's orders in Cases Nos. 2182, 2218 and 2306 were to be applied as follows:

For Equipment, Contract No. 3.....	\$20,229,765.00
For Manhattan Third Tracking.....	11,771,387.30
For Elevated Extensions.....	3,250,127.62
For Manhattan Power Plant Improvements..	2,391,000.08
Total .....	<u>\$37,642,280.00</u>

The Sinking Fund of one-half of 1% semi-annually on the First and Refunding Mortgage 5% Gold Bonds dated January 1st, 1913, did not commence to accrue until January 1st, 1918, the first payment into the fund becoming due July 1st, 1918.

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

#### **Additions and Betterments**

Additions and Betterments were made during the year, including the Company's contribution toward the construction and equipment of new lines, to the amount of \$15,748,754.02.

Connections were made with the new Seventh Avenue-Lexington Avenue subway at 149th Street and Walton and Girard Avenues, and between the Seventh Avenue-Lexington Avenue Line and the Manhattan-Bronx Rapid Transit Railroad at Times Square.

Temporary car inspection pits were constructed on Jerome Avenue between Kingsbridge Road and Bedford Park Boulevard Station, Lexington Avenue Line, and in the 180th Street, White Plains Road Yard.

The four-track subway structure under Fulton Street, Brooklyn, was connected with the Clark Street Tunnel necessitating a double crossover west of Borough Hall Station, five single crossovers between Borough Hall and Hoyt Street and two single crossovers and the construction of two new tracks at Atlantic Avenue Subway Station.

Changes in interlocking plants were made at Borough Hall and Atlantic Avenue Stations, and new interlocking plant installed west of the Hoyt Street Station necessitated by the connection with the

original subway and the extension of the Eastern Parkway lines. These connections also required the removal and reinstallation of contact rail, control cables and circuit breakers at both Borough Hall and Atlantic Avenue Stations.

Two crossovers south of 167th Street, Jerome Avenue Line, were removed and installed north of the 167th Street Station and a new crossover installed from the middle track to the northbound track at River Avenue and McClellan Street.

Service buildings and oil houses were constructed at Whitlock Avenue and East 165th Street, Lexington Avenue Line, East 180th Street, White Plains Road Line, and at Jerome and Van Cortlandt Avenues, Lexington Avenue Line.

Longitudinal bonds were installed in the Clark Street Tunnel to prevent damage from electrolysis.

A great volume of miscellaneous work was performed in synchronizing the old and new subway systems and in applying the various safety devices pertaining to operation and maintenance.

Additional emergency exits were constructed in existing ventilating chambers of the old subway system to provide better means of exit in case of necessity.

Changes in the street grade of Fourth Avenue from 32nd to 34th Streets necessitated the reconstruction of stairways, gratings, vault lights, etc., at the 33rd Street Station of the Fourth Avenue Subway.

The steel structure of the subway in 149th Street between Morris and Courtland Avenues is being reinforced to meet the increased roof load caused by additional fill due to raising the grade of the street.

Hoisting engine and derrick with complete electrical connections; also boiler lines and steam piping for fire use were installed on Harlem Ship Canal at 221st Street on account of storage of coal at that point.

In order to avoid cable burnouts and for the purpose of isolating sub-stations in the event of cable trouble, remote control circuit breakers were installed at the end of all underground feeders, section breaks were relocated from opposite the sub-stations to new locations midway between same and 600 feet safety zones were installed midway between sub-stations.

225 new steel passenger cars were placed in service on the subway lines.

On the Elevated system the work of constructing circuit breaker houses and the installation therein of electro-pneumatic remote control circuit breakers, removal and rearrangement of existing positive and negative feeder cables and the installation of new positive and negative feeder cables on the Second, Third, Sixth and Ninth Avenue Lines, account of sectionalizing contact rail, is in progress.

The installation of interlocking plants, together with interlocking signals connected therewith on local and express tracks, block signal system on express tracks, and signalling on local track curves, Second, Third and Ninth Avenue Lines, is in progress. On the Second Avenue Line to 91st Street and Ninth Avenue Line to 127th Street they are in operation.

The installation of the new 60,000 Kw. turbo-generator, consisting of 3 elements of 20,000 Kw. capacity each, has been completed and the unit put into operation in the 74th Street Power Station together with the following auxiliaries: four surface condensers of 25,000 sq. ft. cooling surface each; one air washer, with a capacity of 60,000 cubic feet of air per minute; pumps; blowers; and other miscellaneous equipment.

In the 59th Street Power Station the last of the three 30,000 Kw. turbo-generators is being installed. The boiler plant has been made more efficient by the installation of four additional automatic stokers, six superheaters and ten induced draft outfits. Additional switchboard equipment has been installed to provide for the increased capacity of the power station.

In furtherance of the plan for the consolidation of certain Manhattan and subway substations and the interchange of power, whereby operation of several Manhattan substations will be discontinued and their loads transferred to subway substations, up to the present time two of the Manhattan substations have been shut down, and an appreciable amount of their equipment removed for installation in new subway substations. The substation buildings will be utilized for other purposes.

New Substation No. 11, 122 Park Row has been put into operation and old Substation No. 11, 31 City Hall Place, abandoned to the City on account of the condemnation of the property for the Court House site. In accordance with the terms of the award all the substation equipment and feeder cables, which could be utilized elsewhere, have been removed for reinstallation at other substations.

In addition to Substation No. 11, four substations have been constructed and put into operation; and four subway substations are being reconstructed to meet contemplated power demands. In the above substations twenty new rotary converter sets, of a total capacity of 80,000 Kw. have been added to the system.

Considerable work has been done in connection with the installation and rearrangement of the enlarged feeder system. A net total of 38.7 miles of A.C. feeders and 10.9 miles of D.C. feeders has been added to the system.

### **Fire Insurance**

Fire Insurance has been continued during the year and the amounts increased at various points to meet the increased value of buildings, materials and supplies. As insurance had been placed for a term of years, it was not necessary to renew any large policy contracts during the year. The Company was not therefore affected by any general increases in insurance rates. Measures for prevention of fire loss were continued successfully and no serious fire loss occurred during the year.

### **Real Estate**

The Company's rented real estate continued well occupied and at increased rentals wherever feasible.

The re-arrangement of sub-stations in connection with the operation of new lines has resulted in the abandonment of two sub-station buildings; one at Spring and Thompson Streets, and the other at Division and Allen Streets. As they cannot be sold because of the requirements of the lease of the Manhattan Railway Company, they will be leased as advantageously as possible for commercial purposes.

The condemnation of the right of way for the Eighth Avenue and 162nd Street Connection between Sedgwick Avenue and 162nd Street, referred to in last year's report, has been settled for \$11,966.69, covering the temporary and permanent surface and sub-surface easements in five parcels of land.

The condemnation of the land and building at No. 115 East 18th Street, mentioned in last year's report as having been taken in connection with the enlargement of the 19th Street sub-station, was completed in December, the commissioners awarding the owner and

tenant \$23,000 for the property. The owner and tenant had previously demanded \$30,000, having refused our offer of \$23,000.

The plot of land 50' x 100' at Nos. 230 to 234 Livonia Avenue, Brooklyn, needed for sub-station purposes for the operation of the Livonia Avenue Line, was condemned, the owner having refused to sell. The Commissioners in condemnation have awarded the owner \$4,750, for the lot, which has been declined by the owner and the case appealed.

### **New Subway Construction**

During the year the Seventh Avenue Line from its connection with the original subway at Broadway and 45th Street to South Ferry and to Wall and William Streets on the Clark Street Tunnel branch, was completed except station finish work which is 95% completed. The equipment of this portion of the line, including the installation of an Otis cleat step type escalator at Park Place Station, was completed. On that portion of the Clark Street Tunnel line from Wall Street to a connection with the original subway east of Borough Hall, Brooklyn, the construction work, including track installation, was practically completed except station finish work which is 90% completed. The equipment of this portion, including the installation of two elevators at Henry Street Station, is completed with exception of ventilating plants at Furman Street and Old Slip Shafts which are 90% completed and will be placed in operation shortly.

The construction of the Eastern Parkway Line from terminus of present subway at Atlantic Avenue to Buffalo Avenue, including Nostrand Avenue Branch, is about 93% and the station finish work 65% completed. The equipment of this portion of the line, including the installation of contact rail, track rail bonding, drainage, telephone, emergency alarm, blockade signal, clock, lighting and interlocking systems and station equipment is in progress. The Livonia Avenue Extension, from Buffalo to New Lots Avenue, is about 54% completed. Station finish work has not been started. The only equipment work under way on this portion is structure bonding which is 5% completed.

The construction of the Pelham Bay Branch of the Lexington Avenue Line from its connection with the Lexington Avenue subway at 135th Street and Park Avenue to Bancroft Street and Whitlock Avenue is completed. Station finish work 97% completed. All equipment work for this portion is also completed. The elevated

portion from Bancroft Street to Pelham Bay Park terminus is about 4% completed and no equipment work has been started.

### **Interborough Elevated Extensions**

The Webster Avenue Line which connects with the Third Avenue Line north of Fordham Road and runs through Webster Avenue and Gun Hill Road to White Plains Road where it connects with the elevated structure in White Plains Road has practically been at a standstill during the past year, owing to the default of the Contractor who had the contract for the construction of foundations and steel structure. During the year, however, all the steel work required for the structure has been received and preparations are now being made to proceed with the work.

### **Opening of New Lines**

New subway and elevated extensions were opened for service during the year on the following dates:

Seventh Avenue Branch, between Pennsylvania Station and South Ferry was opened for operation July 1, 1918. Shuttle service from Chambers Street to Wall and William Street Station was inaugurated on the same date.

Lexington Avenue Branch, between 149th Street and Grand Central Station was opened for operation of local trains July 17, 1918.

The "H" System was opened August 1st, 1918, permitting express service between 167th Street and Jerome Avenue via Lexington Avenue and the old Fourth Avenue Route to Brooklyn; local service between 138th Street, Pelham Bay Park Branch via Lexington Avenue to City Hall; Broadway express service via Seventh Avenue Line to Wall and William Streets; Broadway local service via Seventh Avenue Line to South Ferry and shuttle service between Times Square and Grand Central.

On January 7th, 1919, the Pelham Bay Line was extended from Third Avenue and 138th Street to Hunts Point Road Station.

The Clark Street tunnel to Atlantic Avenue Station, Brooklyn, was opened for operation April 15, 1919.

On the Manhattan Elevated, through train service was established on the Sixth and Ninth Avenue Lines to 167th Street and Jerome Avenue, July 1, 1918; on the Sixth and Ninth Avenue Lines to Kingsbridge Road and Jerome Avenue, July 17, 1918, and on the Ninth Avenue Line, express trains, to Woodlawn Road and Jerome Avenue during rush hours, January 2, 1919.

## Routing of Trains

Express trains for the West Side, or Broadway-Seventh Avenue Line, operate through the new Clark Street Tunnel in and out of Atlantic Avenue, Brooklyn, on the outside tracks, **shown by dotted red lines on the map in the back of this report.** These trains terminate at Van Cortland Park, 215th Street and Broadway, and Dyckman Street, as well as 180th Street, Bronx Park.

Express trains for the East Side, or the Fourth-Lexington Avenue Line, operate through the old Battery Tunnel in and out of Atlantic Avenue, Brooklyn, on the inside tracks, **shown by solid red lines on the map in the back of this report.** Trains operating over this line, however, stop at the Hoyt Street station during the non-rush hours only. These trains terminate at 167th Street and Jerome Avenue and 180th Street, East.

Fourth-Lexington Avenue local trains operate between City Hall and Hunts Point Road. After midnight they operate from South Ferry.

Broadway-Seventh Avenue local trains operate between South Ferry and 137th Street and Broadway and 145th Street and Lenox Avenue.

## Injuries and Damages

	1919	1918	
Claims, Suits and Judgments.....	\$482,416.14	\$375,208.55	Increase \$107,207.59
Expenses .....	281,638.87	313,287.46	Decrease 31,648.59
	<hr/> \$764,055.01	<hr/> \$688,496.01	Increase \$ 75,559.00

Of the above amount \$115,543.88 is due to the Workmen's Compensation Act for direct payments to employees and for administration expenses in connection therewith.

Total disbursements for Injuries and Damages and Expenses amounted to 1.77% of gross receipts, an increase of 0.07% over 1918.

During the year suits commenced against the Company were 377 less than during the previous year.

In the trial of suits judgments were rendered for the plaintiffs in 33% of the cases tried.

## Preliminary Report of Stone & Webster, Engineers

After the discontinuance of dividends on the stock of your Company on April 1, 1919, and the consequent default in the payment of interest on the Interborough-Metropolitan Company 4½% bonds, a Bondholders' Protective Committee was formulated which Committee arranged for a thorough investigation of the Interborough Rapid Transit Company (subway and elevated lines) by Messrs. Stone & Webster, Engineers, and Messrs. Price, Waterhouse & Company, Chartered Accountants. The former have just issued a preliminary report in which they estimate that, with a continuance of the five cent fare and the then existing wage scale and present prices for materials and supplies, earnings will fall short of fixed charges for the four years ending June 30, 1923, by \$10,054,000, and that there will be required before July 1, 1924, \$7,400,000 with which to make additional expenditures for capital purposes, chiefly equipment, thus making a total cash requirement, in addition to earnings, for the coming five years of \$17,454,000, of which it appears that about \$3,000,000 may later be obtained from existing construction funds. The aggregate cash requirement as estimated by Messrs. Stone & Webster is about \$1,600,000 more than the estimate of your Company's officers who, moreover, estimate that the Company's earnings will equal its fixed charges in 1923 instead of in 1924 as estimated by Messrs. Stone & Webster. It must be borne in mind that all these estimates are based upon the scale of wages prevailing August 1, 1919, and the present prices for materials and supplies. Since this date advances in wages have been granted aggregating \$4,800,000 for year ending June 30, 1920.

Messrs. Stone & Webster's preliminary report continues as follows:

"We find that the management of Interborough Rapid Transit Company is able and efficient. The condition of the properties is excellent. They have been thoroughly maintained and are in first-class operating condition, and there is practically no deferred maintenance. We should point out, however, that while expenditures for current maintenance seem to be adequate, the reserves for depreciation and obsolescence heretofore accumulated have been exhausted, and no reserves for that account are being made and none are provided for in the estimates of earnings given below."

**Extent of Completion and Equipment of the City Owned Lines Covered  
by the Contract with the City Dated March 19, 1913**

"Of the 147.49 miles of new track covered by this contract, approximately 110.71 miles have been completed by the City and equipped by the Company and put into operation. While the City has been very much in arrears in the construction of these lines, practically the entire system should be in operation by the summer of 1920."

**Construction Fund**

"The Company has set aside for the purpose of paying for its share of the expenditures called for by the contracts with the City funds which after a careful check we find should be ample to enable the Company to fulfill its obligations under the contracts."

**Additional Capital Requirements**

"In order to enable it adequately to serve its territory and attain the estimated earnings, we believe it will be necessary for the Company to make additional expenditures for capital purposes, chiefly equipment, amounting to approximately \$7,400,000 during the next five years, the carrying charges on which are included in our estimates. This amount may be reduced, possibly to the extent of about \$3,000,000, by savings from the construction fund referred to in the preceding paragraph."

**Estimated Earnings**

"It is manifest that a five-cent fare falls far short of providing the cost of furnishing a ride, and that a very considerable increase in fares is necessary to provide for fixed charges and the payments to the City and the Company contemplated by the contracts between them. In our opinion nothing short of an eight-cent fare on both elevated and subway lines will accomplish this purpose.

The financial condition of this Company is not unique. Traction properties throughout the country are faced by similar conditions, due to the great increase in the cost of labor and material as the result of the war."

## Increased Fares

If the question of Municipal Ownership is delaying the proper solution of New York City's transportation problem, it must necessarily involve the greater question of whether, in view of existing conditions, any such discussion at this time is not purely academic. The City of New York is not in possession of funds with which to purchase the street railway systems and it cannot lend its credit for that purpose without a constitutional amendment which would take from two to three years to procure if it could be procured at all. The people who have their money invested in this enterprise are not warranted in assuming that the service would be benefited or transportation cheapened, or that the property would not be exploited to their disadvantage if turned over without sufficient guarantees. Municipal operation has not proven successful. Wherever the experiment has been tried it has turned out to be more costly and less efficient than private operation. It requires knowledge, skill and long experience to give the kind of transportation service to which New York City is entitled. This cannot be attained by public officials in the short time they are in office. The public is not concerned in who operates the properties so long as they receive good service at a moderate cost. This can only be accomplished by able and scientific management with earnings sufficiently high to offer a fair return on invested capital and to command a continuous flow of money to develop, improve and expand facilities to keep pace with a growing community.

Since the construction of the first subway the City of New York has enjoyed the best, safest and most up-to-date transportation service in the world. The plant and structure of its underground rapid transit lines costing over \$4,000,000 per mile, are the most expensive and best maintained in the world and the continuous haul of twenty-six miles for a single fare is the longest and cheapest in the world.

The immunity from accidents in the operation of our lines is secured by unexcelled maintenance accompanied by renewals and replacements on the slightest indication of weakness. It is an expensive process but it makes travel safe. Operation is conducted on the theory that the quality of the service deserves first consideration. Every effort is being made to prevent an impairment of the present standard, but it must be realized that the kind of maintenance which leaves nothing to chance cannot be kept up unless there

is money to pay for it. To obtain money there must be credit. To obtain credit the product must be sold for more than it costs to produce it. With these essentials absent, business ceases to function.

The City's rapid transit system differs from that of other communities. The contour of Manhattan Island necessitates long hauls and the congestion in the central parts of the City makes development of the outlying sections essential to an even distribution of population. This is the policy adopted by the City and the lines were designed in accordance therewith. It precludes the adoption of a zone system of fares whereby the charge is made to conform to the distance traveled. A flat fare sufficiently flexible to cover the cost of the service is the only means of carrying it out.

At the present time the economic basis of the City's entire rapid transit system is being undermined by the increasing costs and limited fare.

Good business requires that expenditures must reach a limit somewhere if the price of the product is fixed. If, therefore, the fare is to remain at five cents no more subways can be built until new business areas are established to shorten the haul.

The war was not of our seeking. Its consequences reacted on all alike. Without exception other industries increased their prices to meet the extra expense and where governmental permission was required it was granted. Inflation has set in. Money is no longer worth what it was before the war. As a result production costs and selling prices have moved forward together. If we are to have the best service at the least cost it is necessary that the charge for the service should vary as the cost of furnishing it varies. The public would then be in a position to determine the character and extent of service required and the Public Service Commission could enforce it. Any other action is illogical and can only result in disaster.

The Company's contracts with the City were made on a close margin of profit. The terms were agreed to in an effort to aid the City in its enlarged subway plans. The concessions made were based on the then prevailing wages and prices of materials and were the greatest that could be made, having in mind the ordinary protection of security holders. This is evidenced by extract from the Supplementary Report of a Committee of the Board of Estimate and Apportionment, dated May 22nd, 1912, as follows:

"The negotiations with relation to terms have been protracted and arduous, and your committee is convinced

that the operating companies, in making the many concessions that they have, have yielded the most that they can afford to yield without actually retaining their existing lines for continued separate operation."

The forecasts made at that time were accurate and justified by subsequent earnings and there would have been no need or demand for an increase of fare under any but the most drastic reversal of conditions affecting every industry in the country and brought about by events which could not have been foreseen and provided against. These adverse conditions instead of lessening are daily becoming worse. The ratio of operating expenses to gross earnings has increased from 38.50% in 1914 to 60.71% in 1919. In dollars and cents this means an increase of \$9,598,000. Two-thirds of this amount represents payment to labor which has been permanently placed on a higher level, thus precluding any prospect of economy in that direction.

A contract may be good, bad or indifferent, but if it is unjust to either party it creates friction and retards progress. If one party insists on the fulfillment of impossible terms it can only be benefited to the extent that the other is able to give. If a contract entered into in good faith proves improvident through a deliberate course of action by one of the parties the penalty should be applied. If it is being carried out in good faith but proves onerous through no fault of either it should in all fairness be adjusted.

The seemingly prevailing impression that contracts must not be modified regardless of conditions may or may not be all right in law but it is wrong in practice. Nearly all contracts covering a long period of time contain a saving clause excepting such contingencies as war, earthquakes and kindred acts beyond the control of man. Its omission in this case was technical rather than intentional inasmuch as the exceptions were implied by the very nature of the contract. The precedent for providing against the unforeseen is so well established and the circumstances under which it should be called into play are so plain that the City should consider itself in honor bound to grant relief which under ordinary circumstances would be mandatory.

The cost of service during the past year, including interest and sinking fund on the money invested in the property actually under operation, exceeded the net revenue by over \$7,000,000., the loss being

about equally divided between your Company and the City. While there was an increase in the gross of \$2,709,481.65, operating expenses increased \$7,119,990.04. There was a decrease of \$624,426.48 in taxes, due mainly to a reduction in the excess profits tax, but interest and rentals increased \$4,700,719.03 as the result of new subways and elevated lines placed in operation during the year. There was a decrease in net revenue of \$8,473,098.84. Part of this decrease was due to war activities, both military and industrial, and part to the opening of new lines, the interest on the cost of construction of which had to be charged against earnings, although the potentialities of the new lines have not yet been demonstrated. The increase in the operating expenses was also due to the payment of high wages and increased cost of materials and supplies. The increase in the annual operating and maintenance pay rolls due solely to increases in rates of pay between July 1, 1915 and September 1, 1919, the date of this report, is \$12,000,000.

Owing to similar advances in construction costs due entirely to war conditions, the amount required to equip the new subways and elevated lines and construct the elevated third tracks and extensions exceeded our original estimate, for which money was provided, by about \$40,000,000. The greater part of this sum was raised through the issue of \$39,416,000 of Three-year 7% Notes, dated September 1, 1918, for which 5% Bonds were deposited as collateral to the amount of \$61,587,000. These 7% Notes were sold at 95½, netting your Company \$37,642,280, making the cost of the money about 8½%. While the payment of high interest rates falls directly on your Company, the City is also indirectly affected by a further postponement of interest on its bonds issued for construction purposes.

The present emergency is general throughout the country. It has been met to a large extent in other States by temporary emergency rates where operating revenue was insufficient to operate and maintain the properties and pay rentals and interest on securities, a default on which would have rendered the companies liable to insolvency. In the case of your Company, the accumulated surplus has been used up in an effort to sustain the unequal burden and render adequate service, and relief must be had. We have tried every channel through which such relief might rightfully be expected, including an appeal to the Legislature. Up to the present time we have been unsuccessful, but no question is settled until it is settled right. The increased rates of pay established by the National War Labor Board were based on corre-

sponding advances in selling prices. These rates your Company had to meet as well as the resultant price increases without, however, being permitted to advance its own rates. This created a one-sided condition which by reason of the magnitude of the enterprise is rapidly becoming unbearable. A solution must be found and that solution should accord fair treatment to the farepayer, the Company, the City, and the taxpayer. We are only one party to the transaction, but we believe that the reputation for good service which your Company has built up by sixteen years of hard work, should entitle it to some consideration and that this problem which so vitally affects the entire City will ultimately be recognized as a condition of the times and treated accordingly.

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The Management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

THEODORE P. SHONTS,  
President.

# STATEMENTS

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1919 AND 1918.

YEAR ENDED JUNE 30	1919			1918			Increase Decrease
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$17,422,288.41	\$23,052,286.19	\$40,474,574.60	\$17,640,720.64	\$20,908,189.29	\$38,548,909.93	\$1,925,664.67
Other Street Railway Operating Revenue.....	1,152,713.46	1,579,921.77	2,732,635.23	1,016,559.64	932,258.61	1,948,818.25	783,816.98
Gross Operating Revenue.....	\$18,575,001.87	\$24,632,207.96	\$43,207,209.83	\$18,657,280.28	\$21,840,447.90	\$40,497,728.18	\$2,709,481.65
Operating Expenses:							
Maintenance of Way and Structure .....	\$1,159,024.10	\$1,499,086.17	\$2,658,110.27	\$1,175,408.65	\$988,822.18	\$2,164,230.83	\$493,879.44
Maintenance of Equipment.....	1,441,476.15	2,317,638.79	3,759,114.94	1,436,610.59	1,375,362.86	2,811,973.45	947,141.49
Traffic.....	2,682.56	934.01	3,616.57	127.30	47.27	174.57	3,442.00
Transportation Expenses.....	8,323,456.45	9,527,755.20	17,851,211.65	6,547,191.78	5,925,895.41	12,473,087.19	5,378,124.46
General Expenses.....	928,788.15	1,032,484.82	1,961,272.97	794,815.86	869,034.46	1,663,870.32	297,402.65
Total Operating Expenses.....	\$11,855,427.41	\$14,377,898.99	\$26,233,326.40	\$9,954,154.18	\$9,159,182.18	\$19,113,336.36	\$7,119,990.04
Net Operating Revenue .....	\$6,719,574.46	\$10,254,308.97	\$16,973,883.43	\$8,703,126.10	\$12,681,265.72	\$21,384,391.82	\$4,410,508.39
Taxes .....	2,251,981.61	882,175.29	3,134,156.90	2,109,171.84	1,649,411.54	3,758,583.38	624,426.48
Income from Operation.....	\$4,467,592.85	\$9,372,133.68	\$13,839,726.53	\$6,593,954.26	\$11,031,854.18	\$17,625,808.44	\$3,786,081.91
Non-Operating Income.....	112,357.92	494,944.16	607,302.08	98,175.44	495,424.54	593,599.98	13,702.10
Gross Income.....	\$4,579,950.77	\$9,867,077.84	\$14,447,028.61	\$6,692,129.70	\$11,527,278.72	\$18,219,408.42	\$3,772,379.81
Interest and Sinking Fund on City Bonds.....		\$2,413,637.70	\$2,413,637.70		\$2,384,537.57	\$2,384,537.57	\$29,100.13
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$1,225,606.85	5,576,188.33	6,801,795.18	\$1,078,059.99	3,249,117.35	4,327,177.34	2,474,617.84
Sinking Fund on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds .....	375,610.89	1,176,974.97	1,552,585.86	111,835.13	326,986.29	438,821.42	1,113,764.44
Interest on Three-Year 7% Notes	584,421.50	276,493.43	860,914.93				860,914.93

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	\$1,627,360.00	\$1,627,360.00	\$1,627,360.00	\$1,627,360.00
Interest on Manhattan Railway Second Mortgage 4% Bonds ....	180,920.00	180,920.00	180,920.00	180,920.00
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	35,000.00	35,000.00
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock .....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
Amortization of Debt Discount and Expense .....	665.35	665.35	665.35	665.35
Interest on Investment of Depreciation Reserve .....	41,690.83	41,690.83	39,340.55	2,350.28
Interest on Unfunded Debt .....	79,121.10	148,127.39	42,907.28	24,812.82
Other Rent Deductions .....	384,071.29	394,671.29	187,092.70	195,158.59
Total Income Deductions .....	\$8,682,662.17	\$9,574,706.36	\$7,463,840.45	\$4,700,719.03
Net Corporate Income .....	\$4,102,711.40	\$292,371.48	\$771,710.75	\$8,473,098.84
Dividends on Interborough Rapid Transit Co. Stock (5%, 1919—17½%, 1918) .....		1,750,000.00		4,375,000.00
Deficit .....		\$5,560,339.92		\$4,098,098.84
Accruals under Contract No. 3 and Related Certificates .....	(\$5,895,024.57)	\$7,500,070.39	(\$2,306,818.74)	\$4,991,562.13
Balance .....		\$1,939,730.47		\$893,463.29
Per Cent. Expenses to Earnings :				
Excluding Taxes .....	63.82	60.71	53.35	13.52
Including Taxes .....	75.95	67.97	64.66	11.49
Passengers Carried .....	348,188,600	809,335,658	352,660,669	38,337,323
Daily Average Passengers Carried	953,941	2,217,358	966,194	105,034

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1919.

## ASSETS

FIXED CAPITAL .....	\$192,462,966.32
INVESTMENTS .....	24,324,098.84
BANKERS TRUST COMPANY, TRUSTEE UNDER COLLAT- ERAL INDENTURES DATED SEPTEMBER 1ST and 2ND, 1918 .....	61,454,864.12
I. R. T. CO. 1ST and REFUNDING MORTGAGE 5% GOLD BONDS RE-ACQUIRED .....	30,000.00
ADVANCES TO ASSOCIATED COMPANIES.....	6,419,060.23
CURRENT ASSETS.....	17,146,786.99
Cash .....	\$1,087,074.38
Accounts Receivable.....	1,368,183.15
Bills Receivable.....	40,000.00
Interest and Dividends Receivable.....	861,708.36
Material and Supplies.....	4,612,302.24
Special Deposits:	
To meet interest on 1st and Refunding Mortgage 5% Bonds, payable July 1st, 1919.....	4,022,325.00
To meet Dividend on Manhattan Railway Company Capital Stock, due July 1st, 1919.....	1,050,000.00
To meet Coupons due not presented.....	149,253.00
To meet Uncollected Dividends on Manhattan Railway Company Capital Stock.....	71.75
Other Special Deposits.....	37,758.51
Guaranty Trust Company, Trustee, First and Re- funding Mortgage.....	333,300.60
U. S. 4¼% Liberty Loan Bonds (Converted Seconds)	1,120,950.00
U. S. 4¼% Fourth Liberty Loan Bonds.....	2,000,000.00
I. R. T. Co. 1st and Refunding Mortgage 5% Gold Bonds purchased for Sinking Fund, due July 1st, 1919 .....	463,860.00
ACCRUALS, CONTRACT NO. 3 AND CERTIFICATES PAYABLE FROM FUTURE EARNINGS.....	10,457,478.12
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	13,670,588.88
Subway Contribution Cash.....	\$4,637,855.32
Manhattan Third Tracking Cash.....	1,440,923.77
Elevated Extension Cash.....	1,730,098.49
Manhattan Power House Cash.....	116,711.30
U. S. 4½% Certificates of Indebtedness account Con- tract No. 3 and Certificates.....	5,745,000.00
PREPAYMENTS .....	274,797.17
Insurance .....	\$236,089.11
Taxes .....	29,572.69
Rents .....	9,135.37
ITEMS AWAITING DISTRIBUTION.....	8,991.32
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....	53,257.50
DEFERRED CHARGES.....	9,954,732.97
Unamortized Debt Discount and Expense.....	
FEDERAL TAXES PAID UNDER PROTEST.....	513,961.08
TOTAL .....	<u>\$336,771,583.54</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30TH, 1919.

## LIABILITIES

CAPITAL STOCK.....	\$ 35,000,000.00
FUNDED DEBT.....	160,893,000.00
First and Refunding Mortgage 5% Gold Bonds.	
THREE-YEAR SECURED CONVERTIBLE 7% GOLD NOTES DATED SEPTEMBER 1ST, 1918.....	39,199,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS PLEDGED AS COLLATERAL TO THREE-YEAR 7% GOLD NOTES DATED SEPTEMBER 1ST, 1918.....	61,249,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS RE- LEASED BY BANKERS TRUST COMPANY.....	30,000.00
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES.....	16,847,636.56
Interest due July 1st, 1919, on First and Refunding Mortgage 5% Gold Bonds.....	\$4,022,325.00
Dividend on Manhattan Railway Company Capital Stock due July 1st, 1919.....	1,050,000.00
Interest and Rentals Accrued, not due.....	2,281,840.91
Coupons due, not presented.....	149,253.00
Dividends April 1st, 1909, to April 1st, 1919, inclu- sive, on Manhattan Railway Company Capital Stock, Unpaid.....	71.75
Due for Wages.....	348,757.15
Bills Payable.....	3,371,450.00
Accounts Payable .....	2,083,421.62
Taxes Accrued.....	2,596,002.13
Sinking Fund on 5% Bonds.....	\$3,044,570.00
Less amount deposited.....	2,100,055.00
DEFERRED CREDITS: .....	\$ 10,457,478.12
Accruals under Contract No. 3 and Related Certificates.	
RESERVES .....	1,294,850.40
Accrued Amortization of Capital.....	\$1,121,511.01
Manhattan Railway Equipment Reserve.....	228,142.48
Interest on Investment of Depreciation Reserve.....	184,218.54
Manhattan Railway Company 2d Mortgage Bond Dis- count and Expense Amortization.....	2,285.50
Depreciation Reserve under Contract No. 3.....	9,947.76
	\$1,546,105.29
Depreciation Reserve under Elevated Extension Certificate .....	251,254.89
ITEMS AWAITING DISTRIBUTION.....	1,271,203.20
PROFIT AND LOSS SURPLUS (See Note Page 6).....	10,152,092.53
TOTAL .....	\$336,771,583.54

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF PROFIT AND LOSS SURPLUS

(a) Advances to Associated Companies.....	\$ 6,419,060.23
(b) Operating Material and Supplies.....	4,234,979.51
(c) Deposits with City and State Industrial Commission.....	470,437.50
(d) Liberty Loan Bonds.....	1,015,000.00
(e) Cash on Hand.....	1,087,074.38
	\$13,226,551.62

Against which there are—

Temporary Loans .....	\$1,300,000.00	
Unpaid Bills for supplies, taxes, etc.....	1,774,459.09	3,074,459.09
Surplus, June 30th, 1919, as per Balance Sheet.....		\$10,152,092.53

(a) Advances to the

New York & Queens County Railway Company.....	\$5,059,060.23
Rapid Transit Subway Construction Company.....	1,300,000.00
Long Island Electric Railway Company.....	60,000.00

The Interborough Rapid Transit Company has made advances to the New York & Queens County Railway Company for a number of years in the expectation that it would ultimately prove to be a profitable investment. The New York & Queens County lines would have been compelled to suspend operation but for the assistance rendered by your Company in furnishing cash, power, labor and materials. On account of the limited fare that Company has been unable to repay these advances or to pay its bills for the labor, power and materials in question.

Advances to the Rapid Transit Subway Construction Company are direct loans to enable that Company to complete sections of the new subway. The final settlement of accounts between that Company and the City has not yet been reached.

(b) Represents the cost to the Company of operating material and supplies on hand, required for use in the daily operation of the road.

(c) Includes deposits with the City under Contract No. 3 and with the State Industrial Commission under the Workmen's Compensation Law. These deposits are necessarily not available for use by the Company.

(d-e) The amount of the quick assets, being the total of items (d) and (e), is more than offset by the amount due for supplies, taxes, etc.

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30th, 1919 and 1918

<i>Description</i>	1919	1918	<i>Increase</i>
Interest and Sinking Fund on City Bonds .....	\$2,413,637.70	\$2,384,537.57	\$29,100.13
Interest on First and Refunding Mortgage 5% Gold Bonds.....	6,801,795.18	4,327,177.34	2,474,617.84 (1)
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	1,552,585.86	438,821.42	1,113,764.44 (2)
Interest on Three-Year 7% Notes.....	860,914.93		860,914.93 (1)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,360.00	1,627,360.00	
Interest on Manhattan Railway 2d Mortgage 4% Bonds.....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	665.35	665.35	
Interest on Investment of Depreciation Reserve .....	41,690.83	39,340.55	2,350.28 (3)
Interest on Unfunded Debt.....	148,127.39	123,314.57	24,812.82
Other Rent Deductions.....	394,671.29	199,512.70	195,158.59 (4)
Total Income Deductions.....	<u>\$18,257,368.53</u>	<u>\$13,556,649.50</u>	<u>\$4,700,719.03</u>

### NOTES

(1) Due to charging to Income Account the Interest on First and Refunding Mortgage 5% Bonds and Three-Year 7% Notes, issued to provide funds for portions of the new Lines opened for service as follows:

Lexington-Jerome Avenue Line, from Kingsbridge Road to Woodlawn,	April 15th, 1918.
From Grand Central to Mott Avenue Station,	July 17th, 1918.
Lexington-Pelham Bay Park Branch, from 138th Street and 3rd Avenue to Hunts Point Road,	January 7th, 1919.
Lexington-Seventh Avenue Branch, from South Ferry to Pennsylvania Station and from Chambers and West Broadway to William and Wall Streets,	July 1st, 1918.
From William and Wall Streets to Borough Hall (Clark Street Tunnel),	April 15th, 1919.

(2) Accrual of Sinking Fund of one-half of 1% semi-annually from January 1st, 1918.

(3) This amount is offset by interest accruals in the account "Investment of Depreciation Reserve" carried into and forming part of "Non-Operating Income" for the year.

(4) Due to rentals charged against the Manhattan Railway Division for use of jointly operated (Subway) tracks running to Astoria and Corona in the Borough of Queens and to Woodlawn on the Jerome Avenue Line in the Borough of The Bronx credited to Subway Division Revenue.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30th, 1919**

**CHARGEABLE TO CAPITAL ACCOUNT**

**A—On Existing Lines—Manhattan Railway Division**

Land Damages and Legal Expenses in connection therewith,  
 Station at 151st Street and Eighth Avenue,  
 Definite Time Limit Relays, 74th Street Power Station,  
 Making a charge to the Manhattan Railway Con-  
 struction Account of..... \$28,780.66

*Credit:*

Cash Received from Manhattan Railway Company 15,000.00

Resulting in a Net Charge to the Manhattan Railway  
 Construction Account of..... \$13,780.66

**SUBWAY DIVISION**

Additional Tools and Machinery, Sub-Stations,  
 Connection at Subway Stations with United Electric Light and Power  
 Company for emergency light,  
 Movable station platforms on stations constructed on curves,  
 Remote control circuit breakers at the ends of all underground feeders,  
 600-foot Safety Zones between Sub-Stations,  
 Making a charge to the Interborough Rapid Transit Com-  
 pany Fixed Capital Account of..... 47,129.54

**B—New Subways, Elevated Improvements and Extensions**

**CONTRACT No. 3:**

Construction ..... \$ 2,972,930.55  
 Equipment ..... 10,346,471.74 \$13,319,402.29

**MANHATTAN THIRD TRACKING:**

Plant and Structure ..... \$ 766,912.82  
 Equipment ..... 43,683.70 \$ 810,596.52

**ELEVATED EXTENSIONS:**

Plant and Structure..... \$ 941,927.02  
 Equipment ..... 94,630.80 \$ 1,036,557.82

MANHATTAN POWER PLANT IMPROVEMENTS 334,912.50  
 ADDITIONS TO COMPANY LINES UNDER ELE-  
 VATED EXTENSION CERTIFICATE..... 186,374.69 15,687,843.82

TOTAL .....\$15,748,754.02

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1919**

**MANHATTAN RAILWAY DIVISION**

<b>PASSENGER CARS:</b>	1919	1918
Motor, closed .....	1,019	1,020- 1
Trailer, closed .....	714	715- 1
Trailer, open .....	8	36-28
<b>Total .....</b>	<b>1,741</b>	<b>1,771</b>

**SERVICE CARS:**

Pay, motor, closed .....	1	1
Instruction, motor, closed.....	1	1
Box, motor, steel.....	2	2
Pay, trailer, closed.....	1	1
Supply, trailer, closed.....	15	15
Tool, trailer, closed.....	1	1
Ticket, trailer, closed.....	2	2
Flat, trailer, closed.....	29	29
Hopper, trailer, closed.....	5	5
Derrick, trailer, closed.....	3	3
<b>Total .....</b>	<b>60</b>	<b>60</b>
<b>Total .....</b>	<b>1,801</b>	<b>1,831-30</b>

**ELEVATED EXTENSIONS**

<b>PASSENGER CARS:</b>		
Motor, composite, closed.....	476	477-1

**SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

<b>PASSENGER CARS:</b>		
Motor, steel, closed.....	785	787-2
Trailer, steel, closed.....	352	352
<b>Total .....</b>	<b>1,137</b>	<b>1,139</b>

**SERVICE CARS:**

Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Observation, motor, closed.....	1	1
Flat, steel, motor.....	7	7
Pay, trailer, closed.....	1	1
Emergency, pump, trailer.....	1	1
Flat, wooden, trailer.....	17	17
Flat, steel, trailer.....	18	18
Hopper, steel, trailer.....	1	1
Dump, steel, trailer.....	2	2
Box, steel, trailer.....	2	2
Refuse, steel, trailer.....	4	4
<b>Total .....</b>	<b>56</b>	<b>56</b>
<b>Total .....</b>	<b>1,193</b>	<b>1,195-2</b>

**SUBWAY DIVISION—CONTRACT NO. 3**

<b>PASSENGER CARS:</b>		
Steel, motor, closed.....	486	353+133
Steel, trailer, closed.....	183	92+ 91
<b>SERVICE CARS:</b>		
Motor, steel, instruction.....	1	1
<b>Grand Total—Cars of all descriptions.....</b>	<b>4,140</b>	<b>3,949+191</b>

**INTERBOROUGH RAPID TRANSIT COMPANY,**  
**VOLUNTARY RELIEF DEPARTMENT OPERATIONS**  
**YEAR ENDED JUNE 30th, 1919**

**FINANCIAL STATEMENT**

Receipts to June 30th, 1918, inclusive..... \$ 930,268.99

*Receipts for year ended June 30th, 1919.*

Contributions from members.....	\$ 76,203.13	
Interest on investments and bank balances.....	2,426.80	78,629.93
		\$1,008,898.92

Received from the Company in advance of collection of contributions....		41,112.62
		\$1,050,011.54

Total Receipts.....		\$1,050,011.54
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Disbursements to June 30th, 1918, inclusive..... \$901,487.22

*Disbursements for year ended June 30th, 1919.*

Accident Benefits paid.....	\$ 2,880.50	
Sickness Benefits paid.....	42,473.50	
Death Benefits paid.....	49,407.15	
Contributions Refunded .....	505.67	95,266.82
		\$ 996,754.04
Total Payments.....		\$ 996,754.04

*Investments*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds at cost.....	\$ 43,456.25	
\$10,000 Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds, due 1966, at cost..	9,801.25	\$ 53,257.50
		\$ 53,257.50

**MEMBERSHIP STATEMENT**

Membership June 30th, 1918.....	6,088
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Employees admitted to membership during year ended June 30th, 1919 .....	2,496
--------------------------------------------------------------------------	-------

Loss Account of resignations, dismissals, deaths, etc.....	2,170
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Net Gain during the year.....	326
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Total membership June 30th, 1919.....	6,414
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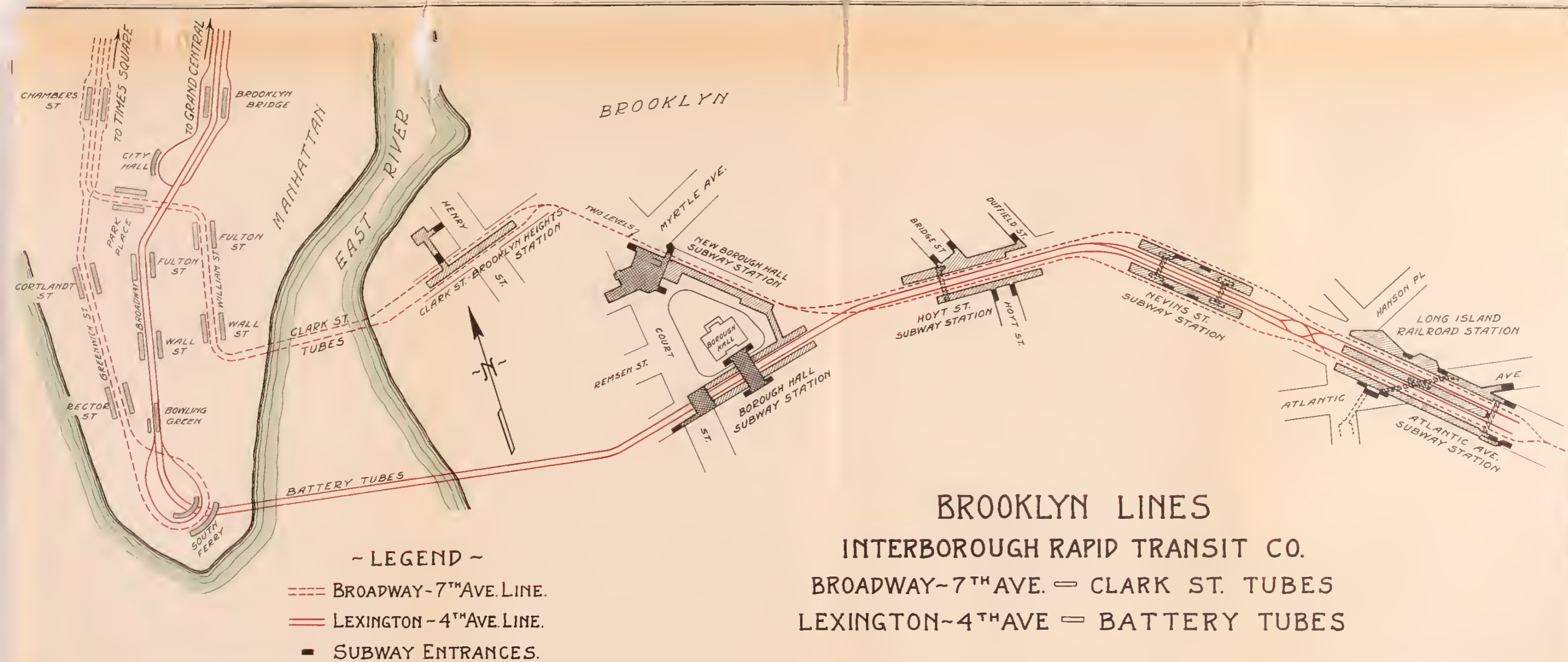
During the year the Medical Examiners have made 5,603 calls on disabled members.





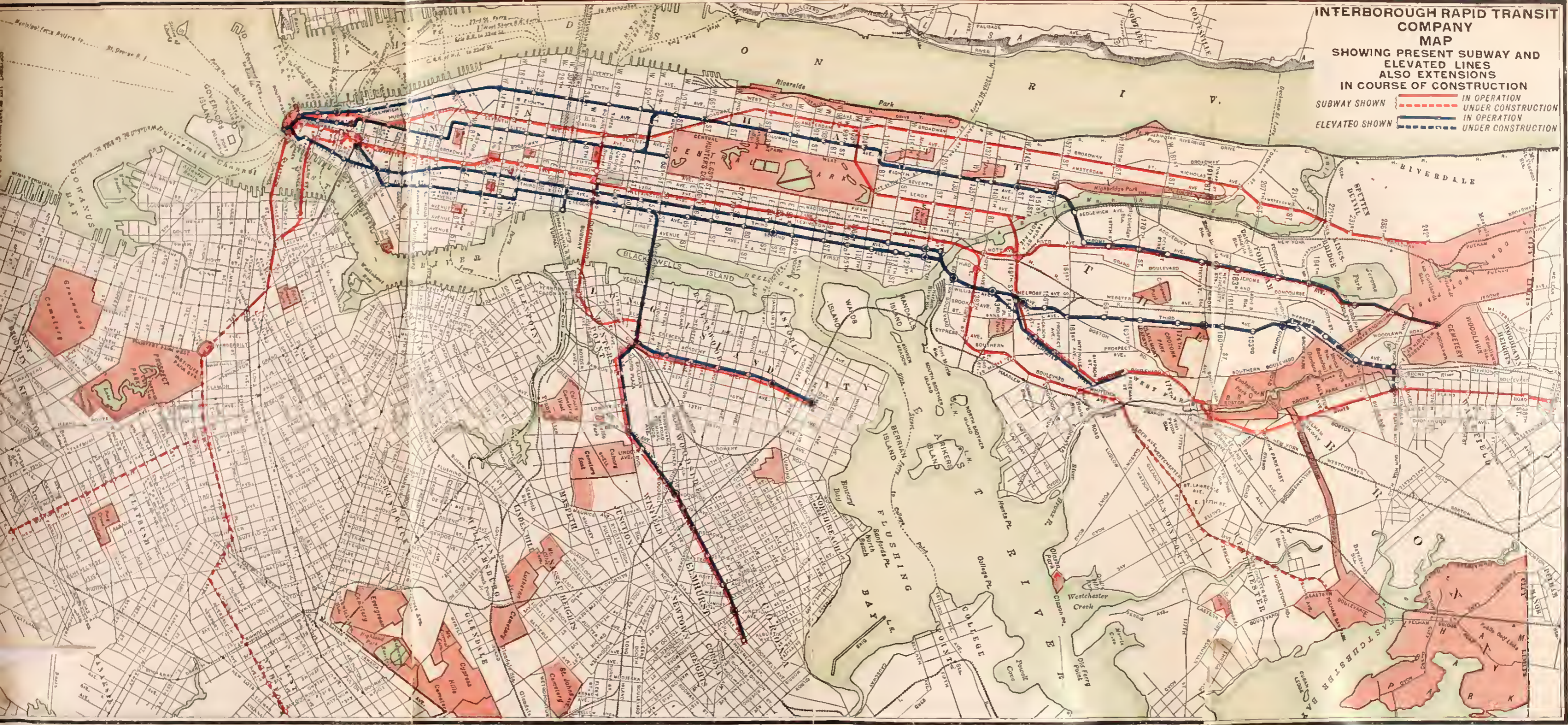
# CONDENSED STATEMENT OF OPERATING RESULTS—YEAR ENDED JUNE 30, 1919—INTERBOROUGH RAPID TRANSIT COMPANY

FISCAL YEAR	1919	Per Cent. of Gross Oper. Rev.	1918	Per Cent. of Gross Oper. Rev.	1917	Per Cent. of Gross Oper. Rev.	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
INCOME																														
Revenue from Transportation.....	\$40,474,574.60	93.68	\$38,548,909.93	95.19	\$38,177,195.14	95.76	\$34,182,100.52	95.24	\$32,365,306.32	96.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue.....	2,732,635.23	6.32	1,948,818.25	4.81	1,688,951.30	4.24	1,709,427.77	4.76	1,068,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,558.37	2.80	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.04	2.18
Gross Operating Revenue.....	\$43,207,209.83	100.00	\$40,497,728.18	100.00	\$39,866,146.44	100.00	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
OUTGO																														
Maintenance of Way and Structures—Actual.....	\$2,997,999.55	6.94	\$2,068,686.48	5.11	\$1,801,474.26	4.52	\$1,539,216.66	4.29	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,641.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual.....	4,294,198.19	9.94	2,667,436.18	6.58	2,121,720.74	5.32	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance .....	\$7,292,197.74	16.88	\$4,736,122.66	11.69	\$3,923,195.00	9.84	\$3,671,556.11	10.23	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structures—Depreciation..	\$339,889.28	.79	\$95,544.35	.23	\$104,030.57	.26	\$288,103.01	.80	\$192,881.05	.57	\$51,354.66	.15	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	\$35,983.25	1.24	144,537.27	.36	398,143.96	1.00	331,122.48	.92	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	\$45,142.66	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation .....	\$374,972.53	2.04	\$240,081.62	.59	\$502,174.53	1.26	\$619,225.49	1.72	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$380,651.59	1.28	\$181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation.....	\$ 6,417,225.21	14.85	\$4,976,204.28	12.28	\$4,425,369.53	11.10	\$4,290,781.60	11.95	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses .....	3,616.57	.01	174.57	.....	37.97	.....	542.87	.....	145.17	.....	138.14	.....	452.03	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Expenses .....	17,851,211.65	41.31	12,473,087.19	30.80	10,376,611.69	26.03	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accidents and Damages.....	578,111.24	1.34	474,436.58	1.17	661,023.49	1.66	551,886.14	1.54	386,244.07	1.14	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	272,983.26	.88	131,395.30	.77	529,439.44	3.08
General Expenses .....	1,383,161.73	3.20	1,189,433.74	2.94	1,120,250.50	2.81	834,597.85	2.32	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,993.47	3.56	659,842.51	3.28	529,439.44	3.08
Total Operating Expenses.....	\$26,233,326.40	60.71	\$19,113,336.36	47.19	\$16,583,293.18	41.60	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net Operating Revenue.....	16,973,883.43	39.29	21,384,391.82	52.81	23,282,853.26	58.40	21,883,362.32	60.97	20,492,428.59	61.29	20,613,342.33	61.50	19,237,127.58	59.20	18,198,590.46	58.24	17,398,550.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.59	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non-Operating Income .....	607,302.08	1.40	593,599.98	1.46	559,076.73	1.40	580,830.88	1.62	623,631.25	1.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
DEDUCTIONS	\$17,581,185.51	40.69	\$21,977,991.80	54.27	\$23,841,929.99	59.80	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.94	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
Taxes .....	3,134,156.90	7.26	\$3,758,583.38	9.28	\$2,871,384.83	7.20	\$2,341,606.64	6.53	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.66	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,965.37	6.02	\$1,390,560.13	6.91	\$1,203,734.52	7.00
Interest on Bonds (Rental).....	4,221,917.70	9.77	4,192,817.57	10.35	4,183,994.65	10.50	4,085,440.16	11.38	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,228.19	15.72	3,230,156.19	16.01	2,433,370.61	14.14
Manhattan Dividends (Rental).....	4,200,000.00	9.72	4,200,000.00	10.37	4,200,000.00	10.53	4,200,000.00	11.70	4,200,000.00	12.57	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.44	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,000.00	17.97	3,864,000.00	19.20	3,864,000.00	22.46
Manhattan Cash Rental.....	35,000.00	.08	35,000.00	.09	35,000.00	.09	35,000.00	.10	35,000.00	.10	35,000.00	.11	35,000.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.04	10,000.00	.05	10,000.00	.06
Interest on Notes and 5% Bonds.....	7,662,710.11	17.74	4,327,177.34	10.69	3,572,515.06	8.96	3,043,630.26	8.48	2,632,572.97	7.87	2,720,882.77	8.12	1,854,647.92	5.71	1,617,033.74	5.18	1,812,913.34	6.09	2,065,621.65	7.12	1,999,281.67	7.54	1,250,000.00	5.06	766,666.67	3.35	356,666.67	1.77	.....	.....
Sinking Fund																														



**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP**  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
ALSO EXTENSIONS  
IN COURSE OF CONSTRUCTION

SUBWAY SHOWN  IN OPERATION  
 UNDER CONSTRUCTION  
ELEVATED SHOWN  IN OPERATION  
 UNDER CONSTRUCTION



Per  
of  
Open

1

1919-1920

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1920

PRINT  
JOHN WARD & SON  
NEW YORK

## THEODORE P. SHONTS

It is with deep grief that we announce the death of Theodore P. Shonts, President of the Interborough Rapid Transit Company since 1909, who died at his residence, No. 930 Park Avenue, New York City, on Sunday, September 21, 1919.

The Board of Directors at a meeting held on Tuesday, September 23, 1919, unanimously adopted the following resolutions in his memory :

RESOLVED, That the Board of Directors of the Interborough Rapid Transit Company as a mark of respect for the memory of Theodore P. Shonts, President, do hereby direct that at four o'clock this afternoon, the time of his funeral, all movements of trains be stopped for a period of one minute.

FURTHER RESOLVED, That a committee be appointed by the Chairman to prepare an appropriate memorial to be entered upon the minutes expressing the sympathy and profound regret of the Directors of the Company upon the passing away of one whose personal charm and extraordinary achievements will always remain his most fitting monument.

The Committee presented the following resolutions at the following meeting held on Tuesday, September 30th, at 2.15 P. M., which were unanimously adopted:

RESOLVED, That the Directors of the Interborough Rapid Transit Company express their sense of the great loss to the Company in its corporate affairs and to themselves in their personal association through the death of Theodore P. Shonts, their late associate, and tender to his family assurances of sincere sympathy in their affliction. The qualities of personal magnetism by which he won the devoted loyalty of his staff and the steadfast adherence of his business associates, and the natural aptitude of organization by which he directed the forces thus created to the solution of the difficult financial, construction and transportation problems with which he was confronted, were supplemented by a broad and varied experience acquired by him in other fields.

Theodore P. Shonts early in life demonstrated the possession of strong executive faculties in the development of western railroad enterprises. Marked by general consent as a foremost leader in this technical field, he was selected in

1905 by Theodore Roosevelt, President of the United States, to become Chairman of the Isthmian Canal Commission, and was charged with the duty of carrying through the completion of that great work where both the commissions of France and the early commissions of this Government had failed to overcome the tremendous difficulties which confronted them. Due to his high order of executive talents, an organization was effected under his direction, which practically remained unchanged after his separation from this work, as a result of which the great waterway between the Atlantic and Pacific became an accomplished fact. As a testimonial of his work, President Roosevelt sent a special message to Congress commending his remarkable accomplishment in the construction, sanitation and the political organization of the national undertaking in Panama.

Having established the firm basis upon which the great work of the interoceanic canal construction proceeded to a successful issue, he was prevailed upon to undertake the difficult task of solving the rapid transit situation in this City. He succeeded to the office of President of this Company at a time when its affairs were approaching a crisis. Under his direction long pending differences between the City and the Company arising from the construction of the original subways were settled. He then assumed, in addition to the operation of the existing lines, the complicated task of negotiating with the City new contracts for subway and elevated improvements, while at the same time he carried through most extensive plans for financing the heavy obligations assumed by the Company under its new agreements with the City. These negotiations were begun in 1909 and continued without interruption until final contracts were signed on March 19, 1913, as a result of which the subway system of this Company and the transit facilities of the elevated system were more than doubled.

At a time when, owing to adverse factors introduced by the world war, the difficulties of the Company have become accentuated, this Board more deeply than ever feels the loss of his incomparable powers.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of this Board and that an engrossed copy thereof be transmitted to the family of Theodore P. Shonts as an earnest but inadequate expression of sympathy with their loss.

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1920

MORGAN BELMONT .....New York  
H. M. FISHER.....Plainfield, N. J.  
A. J. HEMPHILL.....New York  
FRANK HEDLEY .....Yonkers, New York

### TERMS EXPIRE 1921

MAJOR AUGUST BELMONT.....New York  
EDWARD J. BERWIND.....New York  
W. LEON PEPPERMAN.....New York  
F. DE C. SULLIVAN.....New York  
BRIG. GEN. CORNELIUS VANDERBILT.....New York

### TERMS EXPIRE 1922

THOMAS DE WITT CUYLER.....Philadelphia  
HARVEY D. GIBSON.....New York  
MORTIMER N. BUCKNER.....New York  
BRIG. GEN. GUY E. TRIPP.....New York

## EXECUTIVE COMMITTEE

MAJOR AUGUST BELMONT.....New York  
EDWARD J. BERWIND.....New York  
THOMAS DE WITT CUYLER.....Philadelphia  
FRANK HEDLEY .....Yonkers, New York  
BRIG. GEN. CORNELIUS VANDERBILT.....New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY  
Chairman of Board—MAJOR AUGUST BELMONT,  
43 Exchange Place, New York City  
Chairman Executive Committee.....EDWARD J. BERWIND  
President and General Manager.....FRANK HEDLEY  
Assistant to President.....W. LEON PEPPERMAN  
Secretary .....H. M. FISHER  
Treasurer .....J. H. CAMPBELL  
General Counsel and General Attorney.....JAS. L. QUACKENBUSH  
Auditor.....E. F. J. GAYNOR  
Director Welfare Work.....H. H. VREELAND  
Registrar of First and Rfdg. Mtge. 5% Bonds...SECRETARY'S OFFICE  
Transfer Agents.....OFFICE OF SECRETARY  
Annual Stockholders' Meeting.....Fourth Wednesday in September

### MILEAGE—Revised to June 30, 1920

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.30	85.29
Contract No. 3:								
Atlantic Ave.....		0.03	0.11	....	....	....	0.02	0.27
Astoria Line.....	2.33	....	0.31	2.02	....	....	0.19	6.87
Corona Line.....	4.21	...	0.30	3.91	....	....	0.28	12.61
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Pelham Line.....	5.11	....	0.23	4.88	....	....	0.35	15.45
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.22	5.98
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.49	....	...	4.49	....	....	0.33	13.80
Manhattan Division....	37.67	....	7.28	27.39	2.84	0.16	21.30	130.19
8th Ave. and 162d St. Connection.....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge Line .....	1.35	....	1.35	....	....	....	0.03	2.73
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	102.73	1.34	26.85	55.54	18.28	0.86	37.36	336.44

May 30th, 1920—2.01 miles opened on Pelham Line from Hunts Point Road to East 177th Street.

May 30th, 1920—0.11 miles of crossovers removed from Manhattan Division at Bleecker, 53rd and Morris Streets.

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1920.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1920.

The comparative income account for the years ended June 30, 1920 and 1919, is:

#### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1920	1919	Increase Decrease
Gross Operating Revenue.....	\$51,478,410.81	\$43,207,209.83	\$8,271,200.98
Operating Expenses .....	31,695,208.98	26,233,326.40	5,461,882.58
Net Operating Revenue.....	\$19,783,201.83	\$16,973,883.43	\$2,809,318.40
Taxes .....	2,623,410.54	3,134,156.90	510,746.36
Income from Operation.....	\$17,159,791.29	\$13,839,726.53	\$3,320,064.76
Non-Operating Income .....	608,368.61	607,302.08	1,066.53
Gross Income .....	\$17,768,159.90	\$14,447,028.61	\$3,321,131.29
Income Deductions .....	20,003,995.59	18,257,368.53	1,746,627.06
Net Corporate Income for the Year..	<b>\$2,235,835.69</b>	<b>\$3,810,339.92</b>	\$1,574,504.23
Add:			
*Surplus, June 30, 1919, and June 30, 1918.	\$10,152,092.53	\$15,705,569.52	\$5,553,476.99
Other Credits .....	5,126.31	25,110.00	19,983.69
Totals .....	\$7,921,383.15	\$11,920,339.60	<b>\$3,998,956.45</b>
Appropriated for:			
Loss upon Sale of Real Estate.....	\$809,190.70	.....	\$809,190.70
Amortization, Capital Retirements and Other Charges .....	19,091.74	\$18,247.07	844.67
Dividends .....	.....	1,750,000.00	<b>1,750,000.00</b>
Total Appropriations .....	\$828,282.44	\$1,768,247.07	<b>\$939,964.63</b>
*Profit and Loss—Surplus.....	\$7,093,100.71	\$10,152,092.53	<b>\$3,058,991.82</b>

\*Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings.

### Statement of Operations for the Year Ended June 30th, 1920

Gross Operating Revenue.....	\$51,478,410.81
Operating Expenses .....	31,695,208.98
Net Operating Revenue.....	\$19,783,201.83
Taxes .....	2,623,410.54
Income from Operation.....	\$17,159,791.29
Non-Operating Income .....	608,368.61
Gross Income .....	\$17,768,159.90
Interest and Sinking Fund on City Bonds.....	\$2,428,487.52
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	7,410,893.08
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	1,843,017.77
Interest on Three-Year 7% Notes.....	1,616,087.43
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,360.00
Interest on Manhattan Railway Second Mortgage 4% Bonds	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	222,892.68
Other Rent Deductions.....	393,908.01
Interest on Investment of Depreciation Reserve.....	44,763.75
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	665.35
Total Income Deductions.....	\$20,003,995.59
Net Corporate Income.....	\$2,235,835.69
Accruals under Contract No. 3 and Related Certificates.....	8,233,560.20
Balance .....	\$5,997,724.51
Per Cent Expenses to Earnings.....	61.57
Passengers Carried .....	955,133,110

### Operating Revenue

Gross Operating Revenue for the year ended June 30, 1920, was \$51,478,410.81, as compared with \$43,207,209.83 last year, an increase of \$8,271,200.98 or 19.14%, the result of a gain on the Subway Division of \$6,990,765.08 or 28.38%, and a gain on the Manhattan Railway Division of \$1,280,435.90 or 6.89%.

### Operating Expenses

Operating Expenses were \$31,695,208.98 as compared with \$26,233,326.40 last year, an increase of \$5,461,882.58 or 20.82%, of which \$3,783,588.36 was on the Subway Division, caused by an increase of 3,755,213 in the car mileage operated, an increase of 2.01% in the number of miles of road operated at the close of the year, and the continued tendency to increased cost of labor, coal and other supplies.

On the Manhattan Division the increase of \$1,678,294.22 reflects the continued increase in the cost of labor and materials.

### **Net Operating Revenue**

The Net Operating Revenue was \$19,783,201.83 as compared with \$16,973,883.43 last year, an increase of \$2,809,318.40 or 16.55%, the result of a gain on the Subway Division of \$3,207,176.72 or 31.27%, and a loss on the Manhattan Railway Division of \$397,858.32 or 5.92%.

### **Taxes**

The total amount of Taxes was \$2,623,410.54 as compared with \$3,134,156.90 last year, a decrease of \$510,746.36 or 16.29%; Subway Division shows a decrease of \$445,409.92 or 50.49%, due principally to the decrease in Federal income and excess profits taxes.

Manhattan Railway Division shows a decrease of \$65,336.44 or 2.90%, the result of a decrease in the Special Franchise Taxes.

### **Income From Operation**

Income from Operation was \$17,159,791.29 as compared with \$13,839,726.53 last year, or an increase of \$3,320,064.76 or 23.99%, the result of a gain on the Subway Division of \$3,652,586.64 or 38.97%, and a loss on the Manhattan Railway Division of \$332,521.88 or 7.44%.

### **Non-Operating Income**

Non-Operating Income was \$608,368.61 as against \$607,302.08 last year, an increase of \$1,066.53 or 0.17%.

### **Gross Income**

Gross Income was \$17,768,159.90 as compared with \$14,447,028.61 last year, an increase of \$3,321,131.29 or 22.99%, the result of a gain on the Subway Division of \$3,692,488.29 or 37.42%, and a loss on the Manhattan Railway Division of \$371,357.00 or 8.11%.

### **Income Deductions**

Income Deductions were \$20,003,995.59 as compared with \$18,257,368.53 last year, an increase of \$1,746,627.06 or 9.56%, the details of which are set out on Page No. 24.

### **Traffic**

The number of passengers carried was 955,133,110 compared with 809,335,658, an increase of 145,797,452 or 18.01%, the result of a gain on the Subway Division of 124,951,575 or 27.09% and a gain on the Manhattan Railway Division of 20,845,877 or 5.98%.

The gain on the Subway Division was the result of an increase of 79,840,319 in passengers carried over the lines constructed and equipped under Contract No. 3 and an increase of 45,111,256 in the traffic over the old Subway Lines.

### **Maintenance**

\$7,619,911 was spent for maintaining the structure, roadway, power houses, electrical equipment and rolling stock during the year including strengthening of the elevated structure and the renewal of rails on 4.8 miles of single track and 12,940 ties on the Manhattan Division, and protecting positive cross connecting cables under the tracks, painting structural steel, renewal of station timbers and platforms, and renewal of rails on 13.9 miles of single track and 16,449 ties on the Subway Division.

### **Wages**

The following increases in rates of pay of employees of this Company became effective during the year ended June 30, 1920:

August 17, 1919—An increase of 25% in the rate of pay of every employee who at that time received less than \$3,000 per year, with the proviso that such increase should in no instance bring an employees' pay to above \$3,000 per annum.

June 6, 1920—An increase of 10% upon the wages in effect August 16, 1919, of all employees of the Company paid upon the weekly payrolls. This increase was applied to the monthly employees from June 1, 1920, at 8% of their rates at that date.

### **Coal**

For the purpose of insuring a continuous supply, it has been and still is the policy of your Company to purchase its coal through companies obtaining their supply from more than one source and which have facilities for transportation which will insure regular deliveries. The prices paid are subject to fluctuation by variation in railroad rates, boat rates, towing, war taxes and other general causes. The old contracts expired June 30, 1920. Prior to that date there occurred an acute shortage which resulted in higher prices generally, but your Company is glad to be able to report that its principal contractors furnished it with its coal requirements at the old prices. With respect to the coming fiscal year ending June 30, 1921, your Company has been assured by its old contractors that they will use every possible effort to keep it supplied with coal at prices which, while somewhat higher than former rates, will be below the prevailing market.

## Financial

	1920	1919
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds dated January 1, 1913, due January 1, 1966.....	161,504,000	160,893,000
Three-Year Secured Convertible 7% Gold Notes, dated September 1, 1918.....	38,706,000	39,199,000
Extended 6 Months 7% Secured Notes, dated December 31, 1919, due December 31, 1920.....	2,900,000	.....
Totals .....	<u>\$238,110,000</u>	<u>\$235,092,000</u>

The First and Refunding 5% Gold Bonds dated January 1, 1913, and the 7% Gold Notes dated September 1, 1918, above referred to, were issued for the following purposes:

	Bonds	Notes
To provide funds for Subway Construction under Contract No. 3 dated March 19, 1913.....	\$79,637,978	\$20,802,039
To provide funds for Elevated Third Tracking under certificate dated March 19, 1913.....	11,837,428	12,104,311
To provide funds for Elevated Extensions under certificate dated March 19, 1913.....	14,147,201	2,817,422
To provide funds for the Manhattan Division Power Plant Improvements .....	3,266,393	2,982,228
For the refunding of \$15,000,000 Notes, due May 1, 1913, and \$33,959,000 Forty-five Year Mortgage 5% Gold Bonds, dated November 1, 1913.....	52,615,000	.....
	<u>\$161,504,000</u>	<u>\$38,706,000</u>

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

For the purpose of meeting obligations due January 1, 1920, the Company found it necessary to dispose of \$2,900,000 of its six months Seven Per Cent Secured Gold Notes, dated December 31, 1919, Guaranty Trust Company of New York, Trustee. For purposes of collateral the Company sold various parcels of real estate located in Greater New York to the Rapid Transit Subway Construction Company, accepting therefor that Company's bond and mortgage. The notes are secured by the following collateral:

Purchase money bond and mortgage for \$2,000,000 executed by Rapid Transit Subway Construction Company, dated December 31, 1919, at 5½%, payable in six months, being first lien on various parcels of real estate located in the counties of New York, The Bronx and Queens.

Two promissory notes made by Rapid Transit Subway Construction Company to this Company; one for \$752,000 and another for \$100,000, both dated December 31, 1919, payable on demand with interest at 6%. Said notes are jointly secured by (a) right of Rapid Transit Subway Construction Company to receive from the City of New York \$650,000 in cash and \$1,627,500 principal amount of Corporate Stock of the City now on deposit with it in part as security for the performance of construction contracts now completed and in part in lieu of so-called retained percentages withdrawn by the Construction Company, and the Construction Company having the right to receive such cash and stock as soon as the Engineer of the Transit Construction Commissioner of the City furnishes his certificate of approval, and (b) 447 shares of stock of the Manhattan Railway Company.

60,000 shares of the par value of \$6,000,000, constituting the entire capital stock of Rapid Transit Subway Construction Company.

1,860 shares (\$186,000 par value) Subway Realty Company stock.

Above notes matured June 30, 1920, and were extended for an additional period of six months.

### **Additions and Betterments**

The net expenditures during the year amounted to \$5,295,014.25 including the Company's contribution towards new extensions, also the completion of miscellaneous work under way last year.

These improvements on the Subway Division included the installation of remote control circuit breakers, and the relocation of section breaks.

The last of the three new 30,000 kilowatt turbo generators with auxiliary machinery, which were being installed in the 59th Street Power House, has been completed and is now in operation. With these three additional turbo generators in commission, the coal consumption per kilowatt hour will be considerably reduced.

The new sub-stations at 162d Street and River Avenue, Bronx, and President Street and Nostrand Avenue, Brooklyn, have been completed.

Additional machinery has been installed in sub-stations Nos. 13, 42 and 26, for the purpose of furnishing power to the New York Consolidated Railroad Company and the New York Municipal Railway Corporation.

Provision was also made at several sub-stations to supply emergency power to the sub-stations of New York Edison Company and to the Long Island City Power Station of the Pennsylvania Railroad Company.

There was put into service 7.78 miles of new A. C. cables and 2.11 miles of new D. C. cables.

On the Manhattan Division they included the installation of interlocking plants, and signals connected therewith on local and express tracks, block signal system on express tracks, and signalling on local track curves, Second, Third and Ninth Avenue Lines. On the Second Avenue Line to 91st Street and Ninth Avenue Line to 127th Street same are in operation. On the Third Avenue Line from Canal to 129th Streets the block signal system is practically completed and will be placed in service shortly.

### **Fire Insurance**

Insurance against fire was increased to meet the rising cost of replacement and renewed with little or no increase in premium rate. No important fire loss occurred during the year, with the exception of the South Ferry elevated station, which with three cars was destroyed in July, 1919. The full amount of insurance was collected. The system of independent inspection was continued and it is believed

has been of material benefit in helping to prevent fire losses, and in keeping your insurance cost at a minimum.

### **Real Estate**

The real estate not required for railway purposes, and not pledged under the railway mortgages, was transferred to the Rapid Transit Subway Construction Company as noted on page 10 of this report and subsequently sold at public auction, and brought approximately \$830,000. The auction prices as a whole were less than expected. The unfavorable conditions in the labor, money and building materials markets, aggravated by apprehension over the new rent laws and income taxes, checked the demand for low priced vacant land for apartment building. Some of the improved properties brought prices yielding profits.

The apartment property at 924 Summit Avenue, Bronx, a twenty-family house, on a plot 50 by 95 feet, purchased for \$57,000 in 1913 for right of way purposes, was resold in April for \$70,000, with the perpetual right reserved to maintain the subway tunnel beneath the surface.

An aggregate rental of \$83,000 was secured under a 21-year lease for two-thirds of a lot of land and the fronts of two dwelling houses at 113-115 East 18th Street, which remained after the rears of the two lots had been added to sub-station No. 12, abutting on East 19th Street. The lease is secured by a substantial guarantee for the improvement of the leased property with a modern four-story and basement store and mercantile building, to be built at the tenant's expense, and to revert to the Company at the end of the term, without cost. Easements through the property for duct, water and sewer lines were reserved.

A plot of land on Westchester Avenue adjoining the southwest corner of Westchester and St. Peters Avenue, Bronx, size 50 by 122 feet, was purchased for \$7,500 as a site for a new sub-station required for the operation of the Pelham Bay subway extension.

An option of renewal contained in the lease of the general offices at 165 Broadway was exercised and the leases extended until 1924, at the former rent.

Other non-operating and rented property continued well occupied at substantially increased rents.

### **New Subway Construction**

During the year the station finish work, on the Seventh Avenue Line from its connection with the old subway at Broadway and 45th

Street to South Ferry, and on that portion of the Clark Street Tunnel Line from Wall Street to a connection with the old subway east of Borough Hall, Brooklyn, was practically completed. The ventilating plants at Furman and Old Slip Shafts were completed and placed in operation.

On the Pelham Bay Park Branch of the Lexington Avenue Line from its connection with the Lexington Avenue Subway at 135th Street and Park Avenue to Bancroft Street and Whitlock Avenue, the station finish work was completed. The elevated structure from Bancroft Street to Pelham Bay Park Terminus was also completed. The station finish work is 33% and track work 75% completed. On May 30, 1920, train service was extended to East 177th Street Station. The equipment of the remaining portion of the line, including the installation of contact rail, track rail bonding, telephone, emergency alarm, blockade signal, clock, lighting, signal and interlocking systems and station equipment is in progress.

The construction of the Eastern Parkway Line from terminus of the old subway at Atlantic Avenue to Buffalo Avenue, and the Nostrand Avenue Branch is about 96% completed and the station finish and track work are 81% and 89% completed, respectively. The equipment of this portion of the line, including the installation of contact rail, track rail bonding, drainage, telephone, emergency alarm, blockade signal, clock, lighting, signal and interlocking systems and station equipment is in progress. The Livonia Avenue Extension, from Buffalo to New Lots Avenue, is 63% and track work 25% completed. Station finish work has not yet been started. The work of equipping this portion of the line with contact rail, track bonds and signal and interlocking system has been started.

The Eastern Parkway Line was opened for partial operation to Buffalo Avenue and the Nostrand Avenue Line to Flatbush Avenue on August 23, 1920. Two tracks are being operated at the start and the balance of the line will be placed in commission as early as possible. The Livonia Avenue Extension from Buffalo to New Lots Avenue will probably be opened sometime in October of this year.

There was a delay of over a year in opening these lines due to the inability of independent contractors to complete their work on time. In 1918 the Legislature passed the Lockwood Bill giving the City authority to modify subway contracts so that contractors could better afford to meet the increased costs due to the war, but adjustments under the law were complicated and slow. In consequence the

contractors did not have sufficient means to meet the increased costs and the work was greatly delayed by default and otherwise. In some cases your company, at the request of the Public Service Commission took over and completed the work at actual cost.

### Interborough Extensions

Completion of the Webster Avenue Line which connects with the Third Avenue Line north of Fordham Road and runs through Webster Avenue and Gun Hill Road to White Plains Road where it connects with the elevated structure in White Plains Road was delayed owing to default of the contractor. Work was resumed in June, 1919, and the erection, riveting and painting of the structure was completed in April, 1920. The track structure is 90% completed. The concrete deck on the Mosholu Parkway is 70% completed. The stations, which are located at 200th, 204th and 210th Streets and Webster Avenue, are being built by Company forces, on account of the default of the contractor for this work, and it is expected that they will be completed sufficiently to permit operation in September, 1920.

With the opening of the Livonia Avenue Subway from Buffalo to New Lots Avenue, Brooklyn, and the Webster Avenue Elevated Line in the Bronx, all the lines authorized under Contract No. 3 and related Certificates will be in operation, except the extension of the Queensborough Subway westward from Grand Central Station to Times Square. Any future subway extensions built with the consent of the Company must be constructed, equipped and operated under the terms provided for the original extensions in Contract No. 3, but if built and paid for by the City without the consent of the Company any deficit in operation thereof must be paid by the City. In the case of the elevated, extensions are optional with the Company but can be made only upon application for and the granting of a franchise by the constituted authorities.

### Injuries and Damages

	1920	1919	Increase
Claims, Suits and Judgments.....	\$515,960.11	\$482,416.14	\$33,543.97
Expenses .....	314,304.67	281,638.87	32,665.80
	<hr/> \$830,264.78	<hr/> \$764,055.01	<hr/> \$66,209.77

Total disbursements for Injuries and Damages and Expenses amounted to 1.61% of gross receipts, 0.16% less than in 1919.

During the year 22 suits less than previous year were brought in damage cases, and 106 suits less were pending than at end of previous year.

### New Subways and the Five Cent Fare

When the present subway contract, known as Contract No. 3, and the Elevated Extension and Third Tracking Certificates were entered into, it was recognized by the Board of Estimate and Apportionment and the Public Service Commission, as well as by your Company, that the arrangement was not an economical one from the standpoint of capital investment, but that it was a necessary one and afforded the only possible means of distributing the population and obtaining relief from the overcrowded and unsanitary living conditions which existed throughout the congested parts of the City. In arriving at these conclusions the advantages of a unified system were carefully weighed against the cost of obtaining it, and it was the unanimous opinion that the benefits accruing to the City would be far in excess of any monetary consideration involved.

For the purpose of carrying out the plan, it was essential not only to raise new capital, as the City did not have sufficient funds available, but to secure at the same time a radical modification of the terms incorporated in Contracts Nos. 1 and 2 for the construction and operation of the original Manhattan, Bronx and Brooklyn subways.

The City authorities conceded the hazards to private capital by subordinating the City's contribution to that of the Company's, and by granting a moderate preferential based on the earnings of two previous years. It was with this understanding and under these stipulations that the Interborough Rapid Transit Company obtained the investment of \$52,615,000 for refunding its then existing indebtedness, and \$147,595,000 for new construction and equipment, a total of \$200,210,000.

The new basis was accepted in a spirit of co-operation, and in order to leave the City untrammelled in its future policy of extensions your Company agreed to limit its earnings, as provided in the contracts, during the entire forty-nine year period of the lease. These specific allotments cannot be exceeded no matter how extensive the City's construction program may become. By reason of this very fact, however, they must be earned through an adjusted rate of fare before private capital can again be induced to enter the subway field. They constitute the margin of safety demanded by investors as a guarantee of good faith. They represent an agreed return, considered by the Board of Estimate and Apportionment and the Public Service Commission at that time to be fair and reasonable for the concessions made, and constitute the most economical arrangement

the City could have made for the privilege of controlling the rapid transit situation in perpetuity after having taken but a minimum risk in inaugurating the enterprise.

Of the two hundred millions invested, one hundred and sixty millions of this Company's five per cent bonds were sold at prices obtaining for first-class securities at the time of issue. Subsequently, under more stringent market conditions, the task of selling the second instalment of forty millions, required to meet the advances in prices, became more difficult and higher rates of interest had to be paid. Under present conditions, money cannot be obtained for new subway construction and equipment on any basis. This is especially regrettable as the method of procedure having been definitely agreed upon, the City is now in a position to expand its rapid transit system to almost any length by the simple expedient of permitting a charge for service sufficient to attract the necessary capital.

It is not our purpose here to direct more than passing attention to the fact that your Company stands practically alone in being compelled to adhere to its pre-war charge for service regardless of the tremendous increases in wages and cost of coal and materials entering into subway and elevated operation; nor to the detriment to the City's transportation interests which a continuation of this policy is bound to bring about. What is equally as important and just as vital to the growth and prosperity of the City is the immediate construction of additional subways throughout the congested areas in conformity with the original plans. The necessity for this is self-evident. It is attested to daily by the inconvenience the public is compelled to endure during the rush hour periods. The present trunk lines have about reached the limit of their capacity and conditions will become almost unbearable before new lines can be completed, even if construction were to begin immediately. The whole industrial future of the City is tied up in this question as new business activities cannot be created nor old ones expanded except in direct ratio to the efficiency of a city's transportation facilities.

Ten years were spent in determining upon a plan under which the City could secure unlimited extensions without increasing the profits of the operating company. Such a plan has now been agreed upon. It insures new construction at actual cost. The one essential is capital. The debt limit precludes the use of City money in sufficient amount to make any impression, and by reason of constitutional limitations no guarantees can be given. To meet this very condition,

provision was made in the contract for the use of private capital without profit other than the return agreed upon. Even this return cannot be guaranteed. Hence a margin of safety was provided which is represented by the preferential. When the rate of fare is not sufficient to earn this margin the bonds are jeopardized and the source of money supply is closed. It is a simple business proposition and to the extent that it is not recognized, to that extent the City's business suffers.

Construction should be continuous to keep pace with the demand. From 1904 to 1909 it was suspended for the purpose of obtaining a modification of the terms incorporated in the original contract. From 1909 to 1913 it was suspended for the purpose of securing the adoption of a new policy based on a dual system and the limitation of profits. Indications now point to another suspension because the basis used in the 1913 contracts cannot be extended to new subways by reason of increased costs due to war conditions. These increased costs must be met by a fare high enough to pay interest charges on the new investment, and until this is recognized further construction cannot be financed.

Neither can money be procured if the existing investment is subject to gradual confiscation through the vagaries of politics. The present operating company may be driven into bankruptcy but that will avail the City nothing. The Receiver then in possession of the property will be in no better position to secure capital in the face of present conditions. Aside from this, however, a receivership would be a catastrophe. It would jeopardize the present service, accumulate tremendous losses against City and investors alike and no one would be the gainer thereby.

The forfeiture of the property to the City cannot occur except through default of rentals payable to the City under Contracts Nos. 1 and 2, measured by the interest and sinking fund upon the original fifty odd millions of City bonds issued for building the first subway, and this is altogether improbable.

The operations of the last fiscal year demonstrate that even the subway itself, with all of its congestion cannot, on a five cent fare, earn the interest and sinking fund on the bonds and notes issued for its construction and equipment. While the net corporate income during the past year was \$2,630,953.75, in excess of fixed charges, it would have to be more than double this amount to pay interest and sinking fund on other moneys invested including approximately \$100,000,000 by the City. The latter's total debt for new subways

amounts to between \$200,000,000 and \$250,000,000 and is constantly increasing. No interest is being received on this vast sum although it could easily be earned and taxes lessened by between \$12,000,000 and \$13,000,000 per annum, by advancing the rate of fare sufficiently to cover the actual cost of service. There is no warrant for putting this added burden on the taxpayer, and there is no justification for assuming that the farepayer is unwilling to pay the actual cost of a ride.

The average yearly increase in passengers carried in the subway since 1905 is 16.38%. The year previous to the opening of the present extensions constituting the "H" system, the subway carried 418,337,666 passengers. For the following year 1919 it carried 461,147,058, an increase of 42,809,392, or 10.23%, and during the past year 586,098,633, an increase of 124,951,575, or 27.09%. By taking the average yearly increase, if the construction of new lines were inaugurated immediately, during the intervening period, estimated at four years, before operation could be commenced there would be added to the number now carried each year 489,088,652 passengers, almost doubling the present number. Every day's delay in preparing for new construction will add to this number.

The Manhattan Railway Division carried an increase of 20,845,877 passengers during the past year in the face of which it had a deficit of \$4,866,789.44. The Manhattan Railway is an integral part of the Interborough system and for the convenience of the people must be operated for the same fare. If the lease is broken and it is operated separately, the fare on certain of its lines may under its charter be increased to ten or even fifteen cents. In that event a large proportion of the passengers now using that line would undoubtedly attempt to use the subway. The result would be destructive of public comfort and disastrous from an operating standpoint.

On assuming the duties of President of the Interborough Rapid Transit Company, I continued my endeavors to give to the people of New York the safest and best transportation service it was possible to obtain. At the same time I have considered it my duty also to use every effort at my command to earn for the security holders a fair return on their investments. Both can be had by simply applying the means at hand. Both must be had if we ever hope to arrive at a satisfactory adjustment of our transit difficulties. No company can continue to give satisfactory service if it is constantly harassed by a lack of sufficient revenue to meet its operating expenses and fixed charges.

A system as complex as the subway and elevated lines can only be operated at a high standard of efficiency by the regular introduction of improvements and new devices for safety, convenience and economy. This requires the best efforts of its operating heads and the City should lend its encouragement by dealing with the Company in a spirit of fairness and co-operation.

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The management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

FRANK HEDLEY,  
President and General Manager.

# INTERBOROUGH RAPID TRANSIT COMPANY.

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1920 AND 1919.

YEAR ENDED JUNE 30	1919				Increase Decrease
	Manhattan Ry. Division	Subway Division	Total	Total	
Revenue from Transportation.....	\$18,469,432.82	\$29,309,893.06	\$47,779,325.88	\$40,474,574.60	\$7,304,751.28
Other Street Railway Operating Revenue.....	1,386,004.95	2,313,079.98	3,699,084.93	2,732,635.23	966,449.70
Gross Operating Revenue.....	\$19,855,437.77	\$31,622,973.04	\$51,478,410.81	\$43,207,209.83	\$8,271,200.98
Operating Expenses:					
Maintenance of Way and Structure .....	\$1,250,892.57	\$2,150,362.16	\$3,401,254.73	\$2,658,110.27	\$743,144.46
Maintenance of Equipment.....	1,528,868.70	3,225,543.25	4,754,411.95	3,759,114.94	995,297.01
Traffic.....	240.78	859.55	1,100.33	934.01	166.32
Transportation Expenses. ....	9,777,377.64	11,512,603.49	21,289,981.13	17,851,211.65	3,438,769.48
General Expenses.....	976,341.94	1,272,118.90	2,248,460.84	1,961,272.97	287,187.87
Total Operating Expenses.....	\$13,533,721.63	\$18,161,487.35	\$31,695,208.98	\$26,233,326.40	\$5,461,882.58
Net Operating Revenue .....	\$6,321,716.14	\$13,461,485.69	\$19,783,201.83	\$16,973,883.43	\$2,809,318.40
Taxes .....	2,186,645.17	436,765.37	2,623,410.54	3,134,156.90	\$510,746.36
Income from Operation.....	\$4,135,070.97	\$13,024,720.32	\$17,159,791.29	\$13,839,726.53	\$3,320,064.76
Non-Operating Income.....	73,522.80	534,845.81	608,368.61	607,302.08	1,066.53
Gross Income.....	\$4,208,593.77	\$13,559,566.13	\$17,768,159.90	\$14,447,028.61	\$3,321,131.29
Interest and Sinking Fund on City Bonds.....		\$2,428,487.52	\$2,428,487.52	\$2,413,637.70	\$14,849.82
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$1,256,185.31	\$6,154,707.77	\$7,410,893.08	\$6,801,795.18	\$609,097.90
Sinking Fund on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds .....	439,642.16	1,403,375.61	1,843,017.77	1,552,585.86	290,431.91
Interest on Three-Year 7% Notes	843,724.77	772,362.66	1,616,087.43	860,914.93	755,172.50

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds  
Interest on Manhattan Railway Second Mortgage 4% Bonds ....  
Manhattan Railway Rental (Organization).....  
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock.....  
Amortization of Debt Discount and Expense.....  
Interest on Investment of Depreciation Reserve.....  
Interest on Unfunded Debt.....  
Other Rent Deductions.....  
Total Income Deductions.....  
Net Corporate Income.....  
Dividends on Interborough Rapid Transit Co. Stock (None, 1920—5%, 1919) .....

\$1,627,360.00	\$1,627,360.00	\$1,627,360.00	\$1,627,360.00	\$1,627,360.00
180,920.00	180,920.00	180,920.00	180,920.00	180,920.00
35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00
665.35	665.35	665.35	665.35	665.35
99,477.61	\$44,763.75	44,763.75	\$41,690.83	\$3,072.92
392,408.01	123,415.07	222,892.68	79,121.10	74,765.29
	1,500.00	393,908.01	10,600.00	763.28
\$9,075,383.21	\$10,928,612.38	\$20,003,995.59	\$9,574,706.36	\$1,746,627.06
\$4,866,789.44	\$2,630,933.75	\$2,235,835.69	\$292,371.48	\$1,574,504.23
				1,750,000.00
		\$2,235,835.69		\$3,324,504.23
(\$7,088,164.31)	(\$1,145,395.89)	\$8,233,560.20	(\$1,605,045.82)	\$733,489.81
		\$5,997,724.51		\$4,057,994.04
68.16	57.43	61.57	58.37	0.86
79.17	58.81	66.66	61.95	1.31
369,034,477	586,098,633	955,133,110	461,147,058	145,797,452
1,008,291	1,601,362	2,609,653	1,263,417	392,295

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET JUNE 30, 1920

## ASSETS

FIXED CAPITAL .....	\$197,620,075.06
INVESTMENTS .....	23,767,640.17
BANKERS TRUST COMPANY, TRUSTEE UNDER COL- LATERAL INDENTURES DATED SEPTEMBER 1 AND 2, 1918 .....	60,681,736.37
I. R. T. CO. FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS—REACQUIRED .....	189,000.00
ADVANCES TO ASSOCIATED COMPANIES.....	6,300,395.21
CURRENT ASSETS .....	17,861,546.41
Cash .....	\$2,410,193.15
Accounts Receivable .....	1,182,804.11
Interest and Dividends Receivable.....	896,515.99
Material and Supplies.....	4,063,376.46
Special Deposits:	
To meet interest on First and Refunding Mortgage 5% Bonds, payable July 1, 1920.....	4,037,600.00
To meet Dividend on Manhattan Railway Company Capital Stock, due July 1, 1920.....	1,050,000.00
To meet Coupons due not presented.....	111,294.50
To meet Uncollected Dividends on Manhattan Rail- way Company Capital Stock.....	119.00
Other Special Deposits.....	291,372.60
Guaranty Trust Company, Trustee, First and Re- funding Mortgage .....	333,300.60
U. S. 4¼% Liberty Loan Bonds (Converted Seconds) .....	1,121,450.00
U. S. 4¼% Fourth Liberty Loan Bonds.....	2,000,000.00
I. R. T. Co. First and Refunding Mortgage 5% Gold Bonds purchased for Sinking Fund, due July 1, 1920 .....	363,520.00
ACCRUALS, CONTRACT No. 3 AND CERTIFICATES PAYABLE FROM FUTURE EARNINGS.....	18,691,038.32
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	8,138,578.42
Subway Contribution Cash.....	\$507,556.64
Manhattan Third Tracking Cash.....	909,338.92
Bills Receivable—Elevated Extensions.....	40,000.00
Real Estate Mortgage—Elevated Extensions.....	50,000.00
Elevated Extension Cash.....	265,484.81
Manhattan Power House Cash.....	372,760.55
U. S. 4½% Certificates of Indebtedness account Con- tract No. 3 and Certificates.....	5,993,437.50
PREPAYMENTS .....	225,406.47
Insurance .....	\$199,646.12
Taxes .....	16,473.10
Rents .....	9,287.25
ITEMS AWAITING DISTRIBUTION.....	332.83
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....	53,257.50
DEFERRED CHARGES .....	9,883,008.62
Unamortized Debt Discount and Expense.	
FEDERAL TAXES PAID UNDER PROTEST.....	513,961.08
TOTAL .....	<u>\$343,925,976.46</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1920.

## LIABILITIES

CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT .....	161,504,000.00
First and Refunding Mortgage 5% Gold Bonds.	
THREE-YEAR SECURED CONVERTIBLE 7% GOLD NOTES DATED SEPTEMBER 1, 1918.....	38,706,000.00
EXTENDED SIX MONTHS 7% SECURED NOTES DATED DECEMBER 31, 1919.....	2,900,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS PLEGDED AS COLLATERAL TO THREE-YEAR 7% GOLD NOTES DATED SEPTEMBER 1, 1918.....	60,479,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS RE- LEASED BY BANKERS TRUST COMPANY.....	189,000.00
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES .....	15,562,707.59
Interest due July 1, 1920, on First and Refunding Mort- gage 5% Gold Bonds.....	\$4,037,600.00
Dividend on Manhattan Railway Company Capital Stock due July 1, 1920.....	1,050,000.00
Interest and Rentals Accrued, not due.....	2,298,375.99
Coupons due, not presented.....	111,294.50
Dividends April 1, 1909, to April 1, 1920, inclusive, on Manhattan Railway Company Capital Stock, Unpaid .....	119.00
Due for Wages.....	512,389.54
Bills Payable .....	2,752,000.00
Accounts Payable .....	1,453,638.56
Taxes Accrued .....	2,402,865.00
Sinking Fund on 5% Bonds.....	\$5,398,355
Less amount deposited.....	4,453,930
	<u>944,425.00</u>
RESERVES .....	2,103,377.58
Accrued Amortization of Capital.....	\$1,121,511.01
Manhattan Railway Equipment Reserve.....	250,436.28
Interest on Investment of Depreciation Reserve.....	228,982.29
Manhattan Railway Company Second Mortgage Bond Discount and Expense Amortization.....	2,950.85
Depreciation Reserve under Contract No. 3.....	947,415.51
Manhattan Railway Company Capital Account.....	211,042.15
	<u>\$2,762,338.09</u>
<i>Depreciation Reserve under Elevated Extension         Certificate .....</i>	<i>658,960.51</i>
ITEMS AWAITING DISTRIBUTION.....	1,320,429.53
DEFERRED PROFIT AND LOSS CREDITS.....	18,691,038.32
Accruals under Contract No. 3 and Related Certificates.	
PROFIT AND LOSS SURPLUS.....	7,093,100.71
TOTAL .....	<u>\$343,925,976.46</u>

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED**  
**JUNE 30th, 1920 and 1919**

<i>Description</i>	1920	1919	<i>Increase</i>
Interest and Sinking Fund on City Bonds..	\$2,428,487.52	\$2,413,637.70	\$14,849.82
Interest on First and Refunding Mortgage 5% Gold Bonds.....	7,410,893.08	6,801,795.18	*609,097.90
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	1,843,017.77	1,552,585.86	*290,431.91
Interest on Three-Year 7% Notes.....	1,616,087.43	860,914.93	*755,172.50
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,360.00	1,627,360.00	
Interest on Manhattan Railway Second Mortgage 4% Bonds.....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization)..	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense	665.35	665.35	
Interest on Investment of Depreciation Reserve .....	44,763.75	41,690.83	**3,072.92
Interest on Unfunded Debt.....	222,892.68	148,127.39	74,765.29
Other Rent Deductions.....	393,908.01	394,671.29	763.28
Total Income Deductions.....	<u>\$20,003,995.59</u>	<u>\$18,257,368.53</u>	<u>\$1,746,627.06</u>

**NOTES**

\* Due to charging to Income Account the Interest and Sinking Fund on First and Refunding Mortgage 5% Bonds and Interest on Three-Year 7% Notes, issued to provide funds for portions of the new lines opened for service as follows: Lexington-Pelham Bay Park Branch, from 138th Street and Third Avenue to Hunts Point Road, January 7, 1919.  
From Hunts Point Road to East 177th Street, May 30, 1920.  
Lexington-Seventh Avenue Branch, from William and Wall Streets to Borough Hall (Clark Street Tunnel), April 15, 1919.

\*\* This amount is offset by interest accruals in the account "Investment of Depreciation Reserve" carried into and forming part of "Non-Operating Income" for the year.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30th, 1920**

**CHARGEABLE TO CAPITAL ACCOUNT**

**A—On Existing Lines—Manhattan Railway Division**

Land Damages and Legal Expenses in connection therewith.

Additional Machinery installed in Sub-station No. 4 account feeding New York Railways Company.

Making a charge to the Manhattan Railway Construction Account of \$9,225.74

*Credit:*

Cash Received from Manhattan Railway Company..... 123,289.96

Resulting in a Net Credit to the Manhattan Railway Construction  
Account of .....\$114,064.22

**SUBWAY DIVISION**

Additional Tools and Machinery, Sub-stations.

Movable station platforms on stations constructed on curves.

Remote control circuit breakers at the ends of all underground feeders.

600-foot Safety Zones between Sub-stations.

Making a charge to the Interborough Rapid Transit Company Fixed  
Capital Account of..... \$78,492.52

**B—New Subways, Elevated Improvements and Extensions**

**CONTRACT No. 3:**

Construction .....	\$1,237,497.88	
Equipment .....	2,422,010.74	\$3,659,508.62

**MANHATTAN THIRD TRACKING:**

Plant and Structure.....	\$443,045.18	
Equipment .....	48,530.08	491,575.26

**ELEVATED EXTENSIONS:**

Plant and Structure.....	\$796,983.58	
Equipment .....	43,689.42	840,673.00

**MANHATTAN POWER PLANT IMPROVEMENTS** 301,541.62

**ADDITIONS TO COMPANY LINES UNDER ELEVATED EXTENSION CERTIFICATE** 34,308.84

**ADDITIONS TO CONSTRUCTION CONTRACT No. 3** 2,978.61    \$5,330,585.95

**TOTAL** \$5,295,014.25

# **INTERBOROUGH RAPID TRANSIT COMPANY** **EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1920**

MANHATTAN RAILWAY DIVISION		1920	1919
PASSENGER CARS :			
Motor, closed .....		1,016	1,019—3
Trailer, closed .....		713	714—1
Trailer, open .....		8	8
Total .....		1,737	1,741
SERVICE CARS :			
Pay, motor, closed.....		1	1
Instruction, motor, closed.....		1	1
Box, motor, steel.....		2	2
Pay, trailer, closed.....		1	1
Supply, trailer, closed.....		15	15
Tool, trailer, closed.....		1	1
Ticket, trailer, closed.....		2	2
Flat, trailer, closed.....		29	29
Hopper, trailer, closed.....		5	5
Derrick, trailer, closed.....		3	3
Total .....		60	60
Total, Manhattan Railway Division.....		1,797	1,801—4

<b>ELEVATED EXTENSIONS</b>			
<b>PASSENGER CARS:</b>			
Motor, composite, closed.....	476	476	

## **SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

PASSENGER CARS:			
Motor, steel, closed.....	785	785	
Trailer, steel, closed.....	352	352	
Total .....	1,137	1,137	
SERVICE CARS:			
Pay, motor, closed.....	1	1	
Instruction, motor, closed.....	1	1	
Observation, motor, closed.....	1	1	
Flat, steel, motor.....	7	7	
Pay, trailer, closed.....	1	1	
Emergency, pump, trailer.....	1	1	
Flat, wooden, trailer.....	17	17	
Flat, steel, trailer.....	18	18	
Hopper, steel, trailer.....	1	1	
Dump, steel, trailer.....	2	2	
Box, steel, trailer.....	2	2	
Refuse, steel, trailer.....	4	4	
Total .....	56	56	
Total Subway Division.....	1,193	1,193	

SUBWAY DIVISION—CONTRACT NO. 3			
PASSENGER CARS:			
Steel, motor, closed.....	493	486+7	
Steel, trailer, closed.....	186	183+3	
SERVICE CARS:			
Motor, steel, instruction.....	1	1	
Total cars of all description.....	4,146	4,140+6	

## VOLUNTARY RELIEF DEPARTMENT OPERATIONS YEAR ENDED JUNE 30th, 1920

### FINANCIAL STATEMENT

Receipts to June 30, 1919, inclusive..... \$1,008,898.92

#### *Receipts for year ended June 30, 1920.*

Contributions from members.....	\$86,773.62	
Interest on investments and bank balances.....	2,397.30	89,170.92

\$1,098,069.84

Received from the Company in advance of collection of contributions....		49,180.29
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Total Receipts .....		<u>\$1,147,250.13</u>
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Disbursements to June 30, 1919, inclusive.....\$996,754.04

#### *Disbursements for year ended June 30, 1920.*

Accident Benefits paid..... \$4,358.75

Sickness Benefits paid..... 51,998.50

Death Benefits paid..... 40,187.25

Contributions Refunded .....	694.09	\$97,238.59
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Total Payments .....		<u>\$1,093,992.63</u>
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#### *Investments.*

\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost.....\$43,456.25

\$10,000 Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	<u>\$53,257.50</u>
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### MEMBERSHIP STATEMENT

Membership June 30, 1919..... 6414

Employees admitted to membership during year ended June 30, 1920.... 3225

Loss account of resignations, dismissals, deaths, etc..... 2837

Net Gain during the year.....		388
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Total Membership June 30, 1920.....		<u>6802</u>
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During the year the Medical Examiners have made 5,561 calls on disabled members.







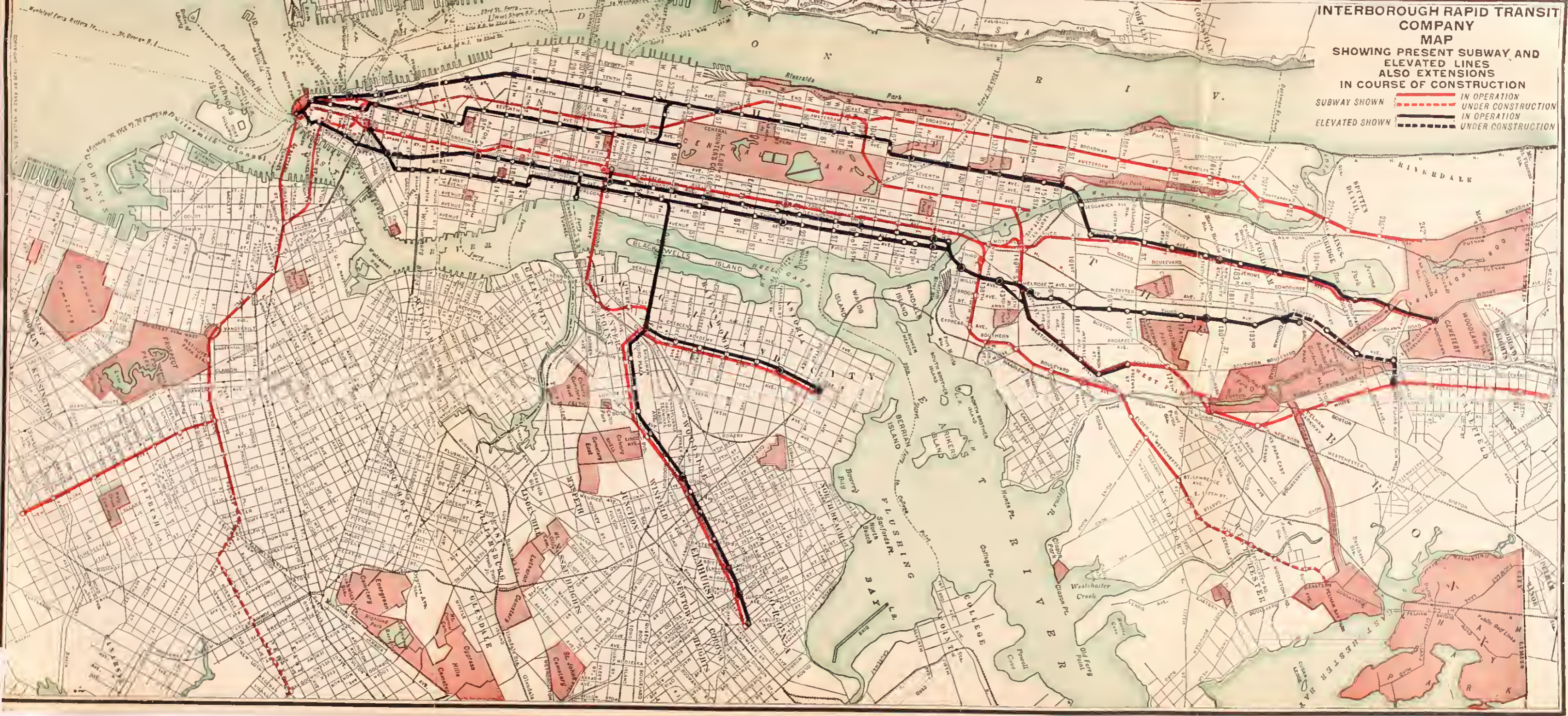
## CONDENSED STATEMENT OF OPERATING RESULTS—YEARS ENDED JUNE 30th—INTERBOROUGH RAPID TRANSIT COMPANY

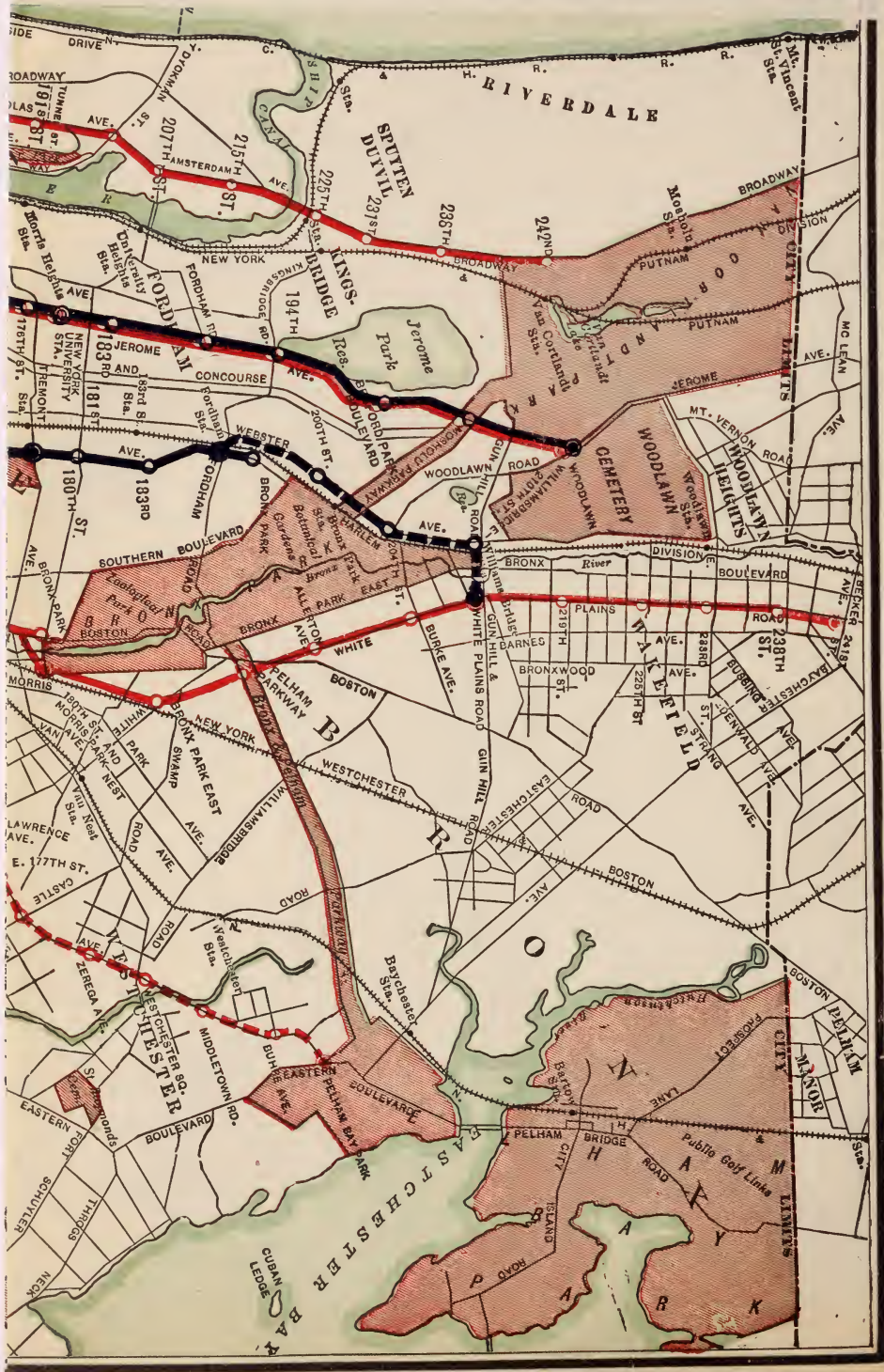
FISCAL YEAR	1920	Per Cent of Gross Oper. Rev.	1919	Per Cent. of Gross Oper. Rev.	1918	Per Cent. of Gross Oper. Rev.	1917	Per Cent. of Gross Oper. Rev.	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
INCOME																																
Revenue from Transportation.....	\$47,779,325.88	92.81	\$40,474,574.60	93.68	\$38,548,909.93	95.19	\$38,177,195.14	95.76	\$34,182,100.52	95.24	\$32,365,306.32	96.80	\$32,597,571.28	97.26	\$31,723,838.94	97.62	\$30,371,833.73	97.20	\$28,923,937.12	97.17	\$28,167,028.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue.....	3,699,084.93	7.19	2,732,635.23	6.32	1,948,818.25	4.81	1,688,951.30	4.24	1,709,427.77	4.76	1,668,436.49	3.20	917,824.41	2.74	774,031.78	2.38	874,558.37	2.80	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	436,036.00	2.17	374,213.04	2.18
Gross Operating Revenue.....	\$51,478,410.81	100.00	\$43,207,209.83	100.00	\$40,497,728.18	100.00	\$39,866,146.44	100.00	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
OUTGO																																
Maintenance of Way and Structures—Actual.....	\$3,307,441.36	6.42	\$2,997,999.55	6.94	\$2,068,686.48	5.11	\$1,801,474.26	4.52	\$1,539,216.66	4.29	\$1,545,949.91	4.62	\$1,758,051.67	5.25	\$1,646,206.78	5.06	\$1,518,140.88	4.86	\$1,509,258.68	5.07	\$1,448,556.79	5.00	\$1,442,641.52	5.44	\$1,334,509.25	5.40	\$1,169,164.85	5.11	\$945,631.16	4.70	\$842,683.48	4.90
Maintenance of Equipment—Actual.....	4,312,470.09	8.38	4,294,198.19	9.94	2,667,436.18	6.58	2,121,720.74	5.32	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance .....	\$7,619,911.45	14.80	\$7,292,197.74	16.88	\$4,736,122.66	11.69	\$3,923,195.00	9.84	\$3,671,556.11	10.23	\$3,548,045.71	10.61	\$3,700,512.74	11.04	\$3,514,756.17	10.81	\$3,657,559.06	11.71	\$4,525,201.76	15.20	\$3,006,011.24	10.37	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Maintenance of Way and Structures—Depreciation..	93,813.37	.18	\$139,889.23	.79	\$95,544.35	.23	\$104,030.57	.26	\$288,103.01	.80	\$192,881.05	.57	\$51,354.66	.15	\$51,751.00	.16	\$167,512.45	.53	\$72,491.07	.24	\$65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	441,941.86	.86	535,083.25	1.24	144,537.27	.36	398,143.96	1.00	331,122.48	.92	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	453,142.66	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation .....	\$535,755.23	1.04	\$674,972.53	2.03	\$240,081.62	.59	\$502,174.53	1.26	\$619,225.49	1.72	\$561,215.18	1.68	\$330,495.39	.99	\$986,488.29	3.04	\$801,489.55	2.56	\$380,651.59	1.28	\$181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation.....	\$8,155,666.68	15.84	\$7,967,170.27	18.61	\$4,976,204.28	12.28	\$4,425,369.53	11.10	\$4,290,781.60	11.95	\$4,109,260.89	12.29	\$4,031,008.13	12.03	\$4,501,244.46	13.85	\$4,459,048.61	14.27	\$4,144,550.17	13.92	\$3,187,857.37	11.00	\$3,067,453.35	11.56	\$3,149,743.82	12.75	\$2,702,145.79	11.80	\$2,068,949.45	10.28	\$1,858,916.98	10.81
Traffic Expenses .....	1,100.33	.....	3,616.57	.01	.....	.....	174.57	.....	542.87	.....	145.17	.....	138.14	.....	452.03	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Expenses .....	21,289,981.13	41.36	17,851,211.65	41.31	12,473,087.19	30.80	10,376,611.69	26.03	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.46	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,657.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accidents and Damages.....	632,178.85	1.23	578,111.24	1.34	474,436.58	1.17	661,023.49	1.66	551,886.14	1.54	386,244.07	1.54	343,148.23	1.02	405,082.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	202,534.67	.88	131,595.30	.77	.....	.....
General Expenses .....	1,616,281.99	3.14	1,383,161.73	3.20	1,189,433.74	2.94	1,120,250.50	2.81	834,597.85	2.32	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,993.47	3.56	659,842.51	3.28	529,439.44	3.08
Total Operating Expenses.....	\$31,695,208.98	61.57	\$26,233,326.40	60.71	\$19,113,336.36	47.19	\$16,583,293.18	41.60	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$9,593,331.03	41.89	\$8,400,823.59	41.75	\$7,397,384.42	43.01
Net Operating Revenue.....	\$19,783,201.83	38.43	16,973,883.43	39.29	21,384,391.82	52.81	23,282,853.26	58.40	21,883,362.32	60.97	20,492,428.59	61.29	20,613,342.33	61.5	19,237,127.58	59.20	18,198,590.46	58.24	17,398,370.52	58.45	17,974,505.10	62.01	15,776,950.92	59.48	13,976,810.59	56.59	13,309,248.75	58.11	11,720,306.53	58.25	9,803,699.39	56.99
Non-Operating Income .....	608,368.61	1.18	607,302.08	1.40	593,599.98	1.46	559,076.73	1.40	580,830.88	1.62	623,631.25	1.86	612,852.55	1.8	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,055.18	1.21	289,967.16	1.44	127,327.02	.74
Total Deductions .....	\$20,391,570.44	39.61	\$17,581,185.51	40.69	\$21,977,991.80	54.27	\$23,841,929.99	59.80	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,529.26	63.43	\$16,412,392.97	61.88	\$14,556,775.29	58.94	\$13,586,303.93	59.32	\$12,010,273.69	59.69	\$9,931,026.41	57.73
Taxes .....	\$2,623,410.54	5.10	3,134,156.90	7.26	\$3,758,583.38	9.28	\$2,871,384.83	7.20	\$2,341,606.64	6.53	\$2,133,980.09	6.38	\$2,081,948.43	6.21	\$2,116,880.27	6.52	\$1,979,430.97	6.33	\$1,925,090.66	6.47	\$1,750,421.94	6.04	\$1,799,807.31	6.78	\$1,586,466.31	6.42	\$1,377,965.37	6.02	\$1,390,560.13	6.91	\$1,203,734.52	7.00
Interest on Bonds (Rental).....	4,236,767.52	8.23	4,221,917.70	9.77	4,192,817.57	10.35	4,183,994.65	10.50	4,085,440.16	11.38	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19										



**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP**  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
ALSO EXTENSIONS  
IN COURSE OF CONSTRUCTION

SUBWAY SHOWN		IN OPERATION
		UNDER CONSTRUCTION
ELEVATED SHOWN		IN OPERATION
		UNDER CONSTRUCTION





1920 - 1921

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1921



### **ALEXANDER J. HEMPHILL**

The Board of Directors at a meeting held on Tuesday, January 4th, 1921, adopted the following resolutions in memory of Alexander J. Hemphill, a Director of this Company, who died on December 29th, 1920:

**"RESOLVED:** That the Directors of the Interborough Rapid Transit Company express their sense of the great loss to the Company in its corporate affairs and to themselves in their personal association through the death of Alexander J. Hemphill, their late associate, and tender to his family assurances of sincere sympathy in their affliction;

**FURTHER RESOLVED:** That this Board records its appreciation of the valuable services rendered to the Company and to the community by Mr. Hemphill, and adds its testimony of his high character and uniform courtesy by which he won the admiration and adherence of his business associates;

**FURTHER RESOLVED:** That these resolutions be spread upon the Minutes of this Board and that a copy thereof be transmitted to Mr. Hemphill's family."

# Interborough Rapid Transit Company

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## DIRECTORS

### TERMS EXPIRE 1920

MORGAN BELMONT .....	New York
H. M. FISHER.....	Plainfield, N. J.
FRANK HEDLEY .....	Yonkers, New York

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### TERMS EXPIRE 1921

MAJOR AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
W. LEON PEPPERMAN.....	New York
F. DE C. SULLIVAN.....	New York
BRIG. GEN. CORNELIUS VANDERBILT.....	New York

### TERMS EXPIRE 1922

MORTIMER N. BUCKNER.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
CHARLES E. DUNLAP.....	New York
HARVEY D. GIBSON.....	New York
BRIG. GEN. GUY E. TRIPP.....	New York

## EXECUTIVE COMMITTEE

MAJOR AUGUST BELMONT.....	New York
EDWARD J. BERWIND.....	New York
THOMAS DE WITT CUYLER.....	Philadelphia
FRANK HEDLEY .....	Yonkers, New York
BRIG. GEN. CORNELIUS VANDERBILT.....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY  
Chairman of Board—MAJOR AUGUST BELMONT,  
43 Exchange Place, New York City

Chairman Executive Committee.....	EDWARD J. BERWIND
President and General Manager.....	FRANK HEDLEY
Assistant to President.....	W. LEON PEPPERMAN
Secretary .....	H. M. FISHER
Treasurer .....	J. H. CAMPBELL
General Counsel and General Attorney.....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND
Registrar of First and Rfdg. Mtge. 5% Bonds.....	SECRETARY'S OFFICE
Transfer Agents .....	OFFICE OF SECRETARY
Annual Stockholders' Meeting.....	Fourth Wednesday in September

# MILEAGE—Revised to June 30, 1921

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.30	85.29
Contract No. 3:								
Atlantic Avenue.....	....	0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Brooklyn Line .....	5.10	....	1.79	0.12	3.19	....	0.96	17.66
Corona Line .....	4.21	....	0.30	3.91	....	....	0.28	12.61
Clark St. Tunnel Line.	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line.	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Nostrand Ave. Branch	2.70	....	2.70	....	....	....	0.15	5.55
Pelham Bay Park Line	7.15	....	0.34	6.81	....	....	0.49	21.60
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.22	5.98
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.88	....	0.18	4.37	....	0.33	0.70	15.82
Manhattan Division....	37.67	....	7.28	27.39	2.84	0.16	21.30	130.19
8th Ave. and 162nd St.								
Connection .....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge								
Line .....	1.35	....	1.35	....	....	....	0.03	2.73
Webster Avenue Line	1.74	....	0.03	1.71	....	....	0.14	5.33
West Farms Subway								
Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	114.70	1.34	31.66	59.18	21.47	1.19	39.12	373.15
" 1920.....	102.73	1.34	26.85	55.54	18.28	0.86	37.36	336.44
Increase .....	11.97	....	4.81	3.64	3.19	.33	1.76	36.71

Aug. 23, 1920—3.31 miles of structure opened on Brooklyn Line, from Atlantic to Utica Avenues.

2.70 miles of structure opened on Nostrand Avenue Branch, Nostrand Avenue to Flatbush Avenue.

Oct. 4, 1920—1.74 miles of structure opened on Webster Avenue Line connection of Suburban Branch with White Plains Road Line.

Oct. 10, 1920—1.70 miles of 3rd track and 1.71 miles of 4th track opened on Brooklyn Line.

Oct. 24, 1920—0.82 miles of structure opened on Pelham Line from E. 177th Street to Westchester Square.

Oct. 4, 1920—0.33 miles of 4th track and 0.33 miles of 5th track opened on White Plains Road Line a/c of Webster Avenue connection.

Nov. 22, 1920—1.61 miles of structure opened on Brooklyn Line from Utica Avenue to Junius Street.

Dec. 13, 1920—0.39 miles of structure opened on White Plains Road Line from Nereid Avenue (East 238th Street), to East 241st Street.

Dec. 20, 1920—1.22 miles of structure opened on Pelham Line from Westchester Square to Pelham Bay Park Terminal.

Dec. 24, 1920—0.18 miles of structure opened on Brooklyn Line from Junius Street to Pennsylvania Avenue.

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, September 1, 1921.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1921.

The comparative income account for the years ended June 30, 1921 and 1920 is:

#### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1921	1920	Increase Decrease
Gross Operating Revenue.....	\$55,031,941.33	\$51,478,410.81	\$3,553,530.52
Operating Expenses .....	36,024,646.04	31,695,208.98	4,329,437.06
Net Operating Revenue.....	\$19,007,295.29	\$19,783,201.83	\$ 775,906.54
Taxes .....	2,735,694.34	2,623,410.54	112,283.80
Income from Operation.....	\$16,271,600.95	\$17,159,791.29	\$ 888,190.34
Non-Operating Income .....	639,123.38	608,368.61	30,754.77
Gross Income .....	\$16,910,724.33	\$17,768,159.90	\$ 857,435.57
Income Deductions .....	21,375,550.97	20,003,995.59	1,371,555.38
Net Corporate Income for the Year	\$ 4,464,826.64	\$ 2,235,835.69	\$2,228,990.95
Add:			
*Surplus, June 30, 1920 and June 30, 1919.	\$7,093,100.71	\$10,152,092.53	\$3,058,991.82
Other Credits .....	34,779.24	5,126.31	29,652.93
Totals .....	\$2,663,053.31	\$7,921,383.15	\$5,258,329.84
Appropriated for:			
Loss upon sale of Liberty Bonds.....	\$ 394,756.78	.....	\$ 394,756.78
Loss upon sale of Real Estate.....	.....	\$ 809,190.70	\$ 809,190.70
Amortization, Capital Retirements and			
Other Charges .....	25,418.05	19,091.74	6,326.31
Total Appropriations .....	\$ 420,174.83	\$ 828,282.44	\$ 408,107.61
*Profit and Loss—Surplus.....	\$2,242,878.48	\$7,093,100.71	\$4,850,222.23

\*Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings.

## Statement of Operations for the Year Ended June 30th, 1921

Gross Operating Revenue.....	\$55,031,941.33
Operating Expenses .....	36,024,646.04
Net Operating Revenue.....	\$19,007,295.29
Taxes .....	2,735,694.34
Income from Operation.....	\$16,271,600.95
Non-Operating Income .....	639,123.38
Gross Income .....	\$16,910,724.33
Interest and Sinking Fund on City Bonds.....	\$2,435,768.09
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	7,900,780.33
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	2,057,704.62
Interest on Three-Year 7% Notes.....	2,139,289.84
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,332.67
Interest on Manhattan Railway Second Mortgage 4% Bonds .....	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	265,638.01
Other Rent Deductions.....	483,575.02
Interest on Investment of Depreciation Reserve.....	48,689.17
Amortization of Debt Discount and Expense on Manhat- tan Railway Second Mortgage 4% Bonds.....	853.22
Total Income Deductions.....	\$21,375,550.97
Net Corporate Income.....	\$ 4,464,826.64
Accruals under Contract No. 3 and Related Certificates.....	11,016,653.88
Balance .....	\$ 6,551,827.24
Per Cent, Expenses to Earnings.....	65.46
Passengers Carried .....	1,013,678,831

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1921, was \$55,031,941.33, as compared with \$51,478,410.81 last year, an increase of \$3,553,530.52 or 6.90%, the result of a gain on the Subway Division of \$3,204,441.81 or 10.13%, and a gain on the Manhattan Railway Division of \$349,088.71 or 1.76%.

The gain in the revenue from the transportation of passengers being \$2,933,925.82 and the increase in the Other Street Railway Operating Revenue (principally from the sale of power) is \$619,604.70.

### **Operating Expenses**

Operating Expenses were \$36,024,646.04 as compared with \$31,-695,208.98 last year, an increase of \$4,329,437.06 or 13.66%, of which \$3,667,816.34 or 20.19% was on the Subway Division, caused by an increase of 12,698,826 in the car mileage operated, an increase of 10.23% in the number of miles of road operated at the close of the year, and the continued tendency to increased cost of labor and materials.

On the Manhattan Division the increase of \$661,620.72 or 4.89% reflects the continued increase in the cost of labor and materials.

### **Net Operating Revenue**

The Net Operating Revenue was \$19,007,295.29 as compared with \$19,783,201.83 last year, a decrease of \$775,906.54 or 3.92%, the result of a loss on the Subway Division of \$463,374.53 or 3.44%, and a loss on the Manhattan Ry. Division of \$312,532.01 or 4.94%.

### **Taxes**

The total amount of Taxes was \$2,735,694.34 as compared with \$2,623,410.54 last year, an increase of \$112,283.80 or 4.28%; Subway Division shows a decrease of \$1,361.78 or 0.31% while the Manhattan Railway Division shows an increase of \$113,645.58 or 5.20%, principally due to increase in the City tax rate for 1921.

### **Income from Operation**

Income from Operation was \$16,271,600.95 as compared with \$17,159,791.29 last year, or a decrease of \$888,190.34 or 5.17%, the result of a loss on the Subway Division of \$462,012.75 or 3.55%, and a loss on the Manhattan Railway Division of \$426,177.59 or 10.30%.

### **Non-Operating Income**

Non-Operating Income was \$639,123.38 as against \$608,368.61 last year, an increase of \$30,754.77 or 5.05%, the result of an increase on the Subway Division of \$44,605.68 or 8.34%, and a decrease on the Manhattan Railway Division of \$13,850.91 or 18.84%.

### **Gross Income**

Gross Income was \$16,910,724.33 as compared with \$17,768,159.90 last year, a decrease of \$857,435.57 or 4.82%, the result of a loss on the Subway Division of \$417,407.07 or 3.08%, and a loss on the Manhattan Railway Division of \$440,028.50 or 10.45%.

### **Income Deductions**

Income Deductions were \$21,375,550.97 as compared with \$20,-003,995.59 last year, an increase of \$1,371,555.38 or 6.85%, the details of which are set out on Page No. 22.

### Traffic

The number of passengers carried was 1,013,678,831 compared with 955,133,110 last year, an increase of 58,545,721 or 6.13%, the result of a gain on the Subway Division of 53,287,147 or 9.02% and a gain on the Manhattan Railway Division of 5,258,574 or 1.42%.

The gain on the Subway Division reflects the increase in passenger business incident to the operation of the new lines constructed and equipped under Contract No. 3 and operated in connection with the old subway lines.

### Maintenance

\$8,418,325 was spent during the year for maintaining the structure, roadway, power houses, electrical equipment and rolling stock in good operating condition. This sum included the renewal of rails on 2.5 miles of single track and 24,316 ties on the Manhattan Division and 13.92 miles of single track and 10,149 ties on the Subway Division.

### Financial

	1921	1920
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds, dated January 1, 1913, due January 1, 1966.....	162,106,000	161,504,000
Three-Year Secured Convertible 7% Gold Notes, dated September 1, 1918.....	38,144,400	38,706,000
Extended 6 Months 7% Secured Notes, dated December 31, 1919, due December 31, 1921.....	1,308,750	2,900,000
Totals .....	\$236,559,150	\$238,110,000

The First and Refunding 5% Gold Bonds dated January 1, 1913, and the 7% Gold Notes dated September 1, 1918, above referred to, were issued for the following purposes:

	Bonds	Notes
To provide funds for Subway Construction and Equipment under Contract No. 3 dated March 19, 1913.....	\$79,961,463	\$20,499,976
To provide funds for Elevated Third Tracking under certificate dated March 19, 1913.....	12,025,666	11,928,575
To provide funds for Elevated Extensions under certificate dated March 19, 1913.....	14,191,237	2,776,737
To provide funds for the Manhattan Division Power Plant Improvements .....	3,312,634	2,939,112
For the refunding of \$15,000,000 Notes, due May 1, 1913, and Forty-five Year Mortgage 5% Gold Bonds, dated November 1, 1913.....	52,615,000	.....
	\$162,106,000	\$38,144,400

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

## **Additions and Betterments**

\$4,669,264.71 was spent during the past year for Additions and Betterments to the property. This sum included the company's contribution towards new construction and equipment. The following are some of the principal items composing this expenditure.

The construction of circuit breaker houses and the installation therein of electro-pneumatic remote control circuit breakers, removal and rearrangement of existing positive and negative feeder cables and the installation of new positive and negative feeder cables on the Second, Third, Sixth and Ninth Avenue Lines, account of sectionalizing contact rail.

The installation of interlocking plants, together with interlocking signals connected therewith on local and express tracks, block signal system on express tracks, and signalling on local track curves on the Second and Ninth Avenue Lines. Signalling on the Third Avenue Line is completed from City Hall to 143rd Street; above that point all local curve signals are completed.

Additional automatic signals were installed on track No. 2, west of Woodside Avenue Station, Corona Line, and on track No. 1, southbound local, north of Times Square, Seventh Avenue-Broadway Line, for the better protection of train operation.

Railings were erected in the 42nd Street passageway connecting the shuttle station with the Seventh Avenue mezzanine of the Broadway-Seventh Avenue Line in order to divide the east and westbound traffic during the rush hours.

An experimental section of platform control railing was installed on the northbound platform, Times Square Station, Seventh Avenue Line, designed to relieve station congestion and train delay.

The east end of Mott Avenue Subway Station platform was extended for a distance of 230 lineal feet for the purpose of affording a connection with the new Station of the New York Central Railroad at Spencer Place and Lexington Avenue.

The platforms at Nevins Street Subway Station, Brooklyn, were lengthened from 350 ft. to 480 ft. to accommodate ten-car trains.

The work of constructing an additional entrance to Borough Hall Station at the northwest corner of Court and Joralemon Streets, Brooklyn, was completed.

An additional exit was constructed in the Manhattan-Bronx Subway at 103rd Street and Broadway to provide additional facilities for getting out in case of emergency.

Six new 4250 KVA 3 phase, 25 cycle transformers have been installed and placed in service in the 74th Street Power Station. These transformers are used for stepping up the power station bus voltage of 11,000 to 19,000 volts, at which voltage the power will be transmitted to certain outlying substations fed from the 74th Street Power

Station. There were also 3 similar transformers installed and placed in operation at the 59th Street Power Station, which transformers supply power at 19,000 volts to sub-stations No. 22 and No. 23 located in Brooklyn.

The new sub-stations No. 22 and No. 23 located at President Street and Nostrand Avenue, Brooklyn, and at Rockaway and Livonia Avenues, Brooklyn, respectively, have been completed and placed in service. The equipment of these sub-stations is practically all new except the rotary converters and their complementary transformers which is Manhattan equipment, having been transferred from Manhattan sub-stations Nos. 2, 4, 7 and 8. These sub-stations supply power to the Eastern Parkway, Nostrand Avenue and Livonia Avenue Lines, recently placed in operation.

There was put into service 41.55 miles of new A. C. cables, which formed the three 19,000 volt feeders from the 59th Street Power Station to sub-station No. 22, the two 19,000 volt feeders from sub-station No. 22 to sub-station No. 23 and also 1 additional 11,000 volt feeder from the 59th Street Power Station to sub-station No. 40. There was also 5.62 miles of 11,000 volt cable put into operation to be used for supplying power for lighting purposes to the subways of the Eastern Parkway and Nostrand Avenue lines, and 4.65 miles of 2,500 volt cable used for supplying power to the passenger stations on the elevated structures of the West Farms, Livonia Avenue and Webster Avenue Lines for lighting purposes.

In connection with the distribution of power to the new lines recently opened and also at the various other locations of the system, 4.96 miles of new D. C. cable have been installed and placed in operation during the year.

118 additional new steel passenger cars and one new steel pay car were placed in service during the year on the Subway lines.

### **New Construction**

The track work, on the elevated portion of the Pelham Bay Park Branch of the Lexington Avenue Line, from Bancroft Street to Pelham Bay Park Terminal, has been completed. The station finish work is 90% completed. On October 24, 1920, train service was extended from East 177th Street Station to Westchester Square Station and on December 20, 1920, from Westchester Square Station to Pelham Bay Park Terminal. The equipment work, including the installation of contact rail, track rail bonding, telephone, emergency alarm, blockade signal, clock, lighting, signal and interlocking systems have been completed. Station equipment work is in progress. The ventilating plant at 91st Street and Lexington Avenue, provided as equipment, was completed and placed in operation.

The construction of the Eastern Parkway Line from the terminus of the old subway at Atlantic Avenue to Buffalo Avenue, including Nostrand Avenue Branch is about 98% completed. The station finish work is 93% and the track work entirely completed. The equipment of this portion of the line, including the installation of contact rail, track rail, bonding, drainage, telephone, emergency alarm, blockade signal, clock, lighting, signal and interlocking systems and station equipment has been completed. The Livonia Avenue Extension, from Buffalo to New Lots Avenue has been completed. The station finish work is 75% and the track work entirely completed. The equipment of this portion of the line, including the installation of contact rail, track rail bonding, telephone, emergency alarm, blockade signal, clock, lighting, signal and interlocking systems, have been completed. Station equipment work is in progress. On November 22, 1920, train service was extended from Buffalo Avenue to Junius Street Station and on December 24, 1920, from Junius Street to Pennsylvania Avenue Station.

The ventilating plant at Shaft No. 2, 42nd Street near First Avenue, Queensboro Subway Line, being provided as equipment, is about 45% completed. It is expected to place same in operation about September 1, 1921.

The work performed by this Company at the 148th Street Shop extension involved the construction of two wheel lathe foundations and the installation of two new wheel lathes at the westerly end of Track No. 10 in the old shop, the re-alignment of the old telpher track around these new wheel lathes for a length of about 100 ft. and the continuation of the old telpher track into the new addition to the shops for a distance of about 200 feet. In connection with this work we also extended Track No. 3 into the new shop addition for a distance of about 64 feet.

The Webster Avenue Line connecting the Third Avenue Line north of Fordham Road and running through Webster Avenue and Gun Hill Road to White Plains Road where it connects with the elevated structure was completed in September, 1920, and train operation was started on October 4, 1920.

### **Real Estate**

The apartment house at No. 949 Ogden Avenue, Bronx, purchased in 1913 for right of way purposes for \$75,000, was sold at a profit of \$7,000, in addition to the perpetual right to maintain the Subway tunnel beneath the surface, which was reserved.

Similarly, the apartment house at No. 946 Anderson Avenue, Bronx, which formerly stood in the way of the Elevated Extension right of way and which by an unusual engineering accomplishment was moved to a new site at a cost of about \$25,000, was sold for \$50,000.

Other non-operating and rented property continued well occupied and in some cases at substantially increased rents.

### Fire Insurance

The policy of adequate insurance against fire was continued during the year. No important fire loss occurred, due in some measure to the efficient system of fire protection, supplemented by frequent independent inspections. These precautions are reflected in low insurance costs.

### Injuries and Damages

	1921	1920	
Claims, Suits and Judgments.....	\$369,477.39	\$515,960.11	\$146,482.72 —
Expenses .....	314,448.79	314,304.67	144.12 +
	<hr/>	<hr/>	<hr/>
	\$683,926.18	\$830,264.78	\$146,338.60 —

Total disbursements for Injuries and Damages and Expenses amounted to 1.24% of gross passenger earnings, 0.37% less than in 1920.

## Remarks

Your property was operated during the past year at a loss of \$4,464,826.64 notwithstanding the practice of every economy it was possible to conceive. The net revenue after the payment of operating expenses and taxes was insufficient by this amount to meet the interest and sinking fund on the 5% Bonds and 7% Notes issued for construction and equipment of road in operation. This is the third consecutive year of cumulating deficits, the Company having failed to earn its fixed charges in 1919 by \$3,810,339.92 and in 1920 by \$2,235,835.69. The increase in the deficit this year over the year 1920 was caused by increased charges for operating expenses, taxes and for interest and sinking funds aggregating \$2,259,705. in excess of the increase in gross operating revenue for the year. These accumulated deficits totaling \$10,511,002.25 have so far as possible been taken care of by the application of the remaining surplus, the sacrifice of assets and the forbearance of our creditors, in order to keep the service going and avoid a condition of disintegration and chaos similar to that now existing on the surface lines.

Notwithstanding these deficits the growth of traffic has been continuous. In 1905 the Subway and Elevated Lines combined carried 339,104,820 passengers. This number increased gradually with each year until in 1921 these combined lines, including the recent additions carried 1,013,678,831 passengers. In 1905 the number of passengers carried per mile of track was 2,214,634 while in 1921 it was 2,773,479 an increase of over 25% in the face of an increase in the mileage of over 138%. Since the opening of the new lines in the latter part of 1918, there has been an average increase of 81,000,000 passengers per annum.

This increase is only the natural result of extending into new territory plus the ordinary growth under normal conditions. The development which usually follows new extensions has not yet fully materialized owing principally to the high building costs. When this development begins the resulting increase in travel will have to be accommodated on the existing trunk lines, already overcrowded, as additional facilities cannot be provided under the most favorable circumstances within a period of less than three or four years. This is a contingency which your management has long foreseen, but is powerless to rectify under conditions as they now exist.

On the one hand there is a growing traffic constantly emphasizing the necessity for more transportation facilities. On the other hand there is a growing feeling that these accommodations cannot be supplied on a basis which does not recognize that an expansion of the system beyond certain limits requires an expansion of the fare. A railroad costing \$4,500,000. per mile cannot be indefinitely extended

at a fare fixed for congested areas furnishing a constant peak load, and a fare fixed for congested areas cannot be profitably applied where these conditions do not exist.

The present Subway ramifications have more than reached their limit on a five-cent basis and to attempt anything further would be to entirely disregard all economic laws. Even if a reduction in wages and the exercise of other economies were to enable the present system to continue on a five-cent basis no new lines could be added for the same fare unless new travel of equal proportions awaited their completion. This would mean continued and permanent congestion instead of the relief which the public expects and to which it is entitled.

Any programme of construction considered essential for the City's welfare accompanied by a corresponding regulation of fares would undoubtedly meet with favorable response from investors. Under the present contract, the return on private capital is limited; hence, the safety of the investment must be assured. This was fully realized when the contract was drawn, but such safeguards as were provided proved inadequate in the face of contingencies brought about by the war. The deficiency lies in the limitation of fares, which automatically limits the construction of new lines. Any arrangement, to be successful, must recognize the relationship between fares and service, so that the income will be sufficiently fluctuating to produce a consistent return on both city and private capital.

The Transit Commission appointed by Governor Miller under the law enacted in 1921 has promulgated the outline of a plan for the reorganization of transit in New York City. Public hearings are under way but so far the Commission has not announced its findings upon the valuation of the traction properties. Until the valuation shall have been ascertained, it will be impossible to make any statement concerning the effect of the proposed plan upon the affairs of this Company. The officers and employes of the Company are rendering all assistance requested by the Commission in an endeavor to expedite the valuation. It is probable that a definite plan will be issued during the early part of this Winter.

It is the constant aim of your management to obtain higher efficiency and greater safety in the operation of trains. The nearer the approach to mechanical operation the greater the factor of safety becomes. Human efforts are subject to a certain percentage of failures even under the most stringent regulations and where the greatest care is exercised. If therefore these efforts can be supplemented or to a certain extent substituted by devices which operate automatically the element of risk is thereby correspondingly reduced.

During the latter part of 1920 your Company began the installation, under the supervision of the Transit Commission, of a mechanical door operating device known as the "Multiple Unit Car Door Control." This device enables operators located on any part of the train to open and close the doors simultaneously and with perfect safety to passengers. Arrangements were made to equip 982 cars and of this number 645 have already been equipped and placed in service with satisfactory results. In addition to increasing the safety of operation and reducing station waits there is considerable economy effected by a reduction in the number of guards required on each train. (The remaining 337 cars were equipped subsequent to June 30, 1921.)

Other substantial economies are contemplated by the proposed installation of automatic coin operated safety gates. Four of these devices were installed and tested at the downtown station at 51st Street and Lexington Avenue for a six month period and they have operated in a most satisfactory manner. They provide not only for the registration of passengers but perform the additional function of fare collection, thus effectively eliminating lost fares and the use of counterfeit tickets. They also serve as exits by operating in the reverse direction without registering. (Five hundred of these gates were installed subsequent to June 30, 1921.)

Through the cooperation of the employees who generously conceded a reduction of 10% in their wages for the purpose of aiding the Company in tiding over its present difficulties, although their contract did not expire until December 31st, 1921, we have been able to effect a saving of approximately \$2,600,000 per annum. This cooperation is greatly appreciated and it will be of material assistance at this critical period. There has also been a considerable reduction in the price of materials, especially coal, and it is estimated that a substantial saving can be made on like purchases during the coming year.

An offer has been made to the holders of \$38,144,400. of Three Year Secured Convertible 7% Notes of this Company, maturing September 1st, 1921, to renew same for a period of one year at 8% interest. The offer calls for a deposit of the Notes at the office of J. P. Morgan & Company on or after August 15th, 1921, at which time the 3½% semi-annual interest payment due September 1, 1921, will be made and the new 8% interest coupons attached. The extension of these Notes became necessary by reason of the inability of the Company at this time to satisfactorily market its First and Refunding Mortgage 5% Bonds by which the Notes were secured. The approval of the Transit Commission of the note extension includes the following statement:

"These notes were issued with the authority of the former Public Service Commission for the First District, for the purpose of providing needed additional funds for equipment of the city owned subways and for third-tracking and extending the Manhattan Elevated System, and the proceeds have been expended under public direction and supervision."

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Acknowledgment is made to the officers and employes of the efficient service rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors.

FRANK HEDLEY,  
President and General Manager.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30th, 1921 AND 1920

	1921			1920			
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	Increase Decrease
Revenue from Transportation....	\$18,734,417.55	\$31,978,834.15	\$50,713,251.70	\$18,469,432.82	\$29,309,893.06	\$47,779,325.88	\$2,933,925.82
Other Street Railway Operating Revenue .....	1,470,108.93	2,848,580.70	4,318,689.63	1,386,004.95	2,313,079.98	3,699,084.93	619,604.70
Gross Operating Revenue....	\$20,204,526.48	\$34,827,414.85	\$55,031,941.33	\$19,855,437.77	\$31,622,973.04	\$51,478,410.81	\$3,553,530.52
Operating Expenses:							
Maintenance of Way and Structures .....	\$ 1,272,885.18	\$ 2,368,264.21	\$ 3,641,149.39	\$ 1,250,892.57	\$ 2,150,362.16	\$ 3,401,254.73	\$ 239,894.66
Maintenance of Equipment.....	1,555,748.53	3,552,396.28	5,108,144.81	1,528,868.70	3,225,543.25	4,754,411.95	353,732.86
Traffic .....	276.91	3,197.70	3,474.61	240.78	859.55	1,100.33	2,374.28
Transportation Expenses.....	10,419,761.71	14,637,258.94	25,057,020.65	9,777,377.64	11,512,603.49	21,289,981.13	3,767,039.52
General Expenses.....	946,670.02	1,268,186.56	2,214,856.58	976,341.94	1,272,118.90	2,248,460.84	33,604.26
Total Operating Expenses....	\$14,195,342.35	\$21,829,303.69	\$36,024,646.04	\$13,533,721.63	\$18,161,487.35	\$31,695,208.98	\$4,329,437.06
Net Operating Revenue.....	\$ 6,009,184.13	\$12,998,111.16	\$19,007,295.29	\$ 6,321,716.14	\$13,461,485.69	\$19,783,201.83	\$ 775,906.54
Taxes .....	2,300,290.75	435,403.59	2,735,694.34	2,186,645.17	436,765.37	2,623,410.54	112,283.80
Income from Operation.....	\$ 3,708,893.38	\$12,562,707.57	\$16,271,600.95	\$ 4,135,070.97	\$13,024,720.32	\$17,159,791.29	\$ 888,190.34
Non-Operating Income.....	59,671.89	579,451.49	639,123.38	73,522.80	534,845.81	608,368.61	30,754.77
Gross Income.....	\$ 3,768,565.27	\$13,142,159.06	\$16,910,724.33	\$ 4,208,593.77	\$13,559,566.13	\$17,768,159.90	\$ 857,435.57
Interest and Sinking Fund on City Bonds .....							
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds .....	\$ 2,435,768.09	\$ 2,435,768.09	\$ 2,435,768.09	\$ 2,428,487.52	\$ 2,428,487.52	\$ 2,428,487.52	\$ 7,280.57
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds .....	1,354,992.96	6,545,787.37	7,900,780.33	1,256,185.31	6,154,707.77	7,410,893.08	489,887.25
Interest on Three-Year 7% Notes.	469,021.69	1,588,682.93	2,057,704.62	439,642.16	1,403,375.61	1,843,017.77	214,686.85
	886,666.71	1,252,623.13	2,139,289.84	843,724.77	772,362.66	1,616,087.43	523,202.41

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,332.67	1,627,332.67	1,627,360.00	1,627,360.00	27.33
Interest on Manhattan Railway Second Mortgage 4% Bonds.....	180,920.00	180,920.00	180,920.00	180,920.00	
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	35,000.00	35,000.00	
Guaranteed Dividend — 7% on Manhattan Railway Company Capital Stock .....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	853.22	853.22	665.35	665.35	187.87
Interest on Investment of Depreciation Reserve .....	48,689.17	48,689.17	44,763.75	44,763.75	3,925.42
Interest on Unfunded Debt.....	124,602.68	265,638.01	99,477.61	222,892.68	42,745.33
Other Rent Deductions.....	483,550.02	483,575.02	392,408.01	393,908.01	89,667.01
Total Income Deductions.....	\$9,362,939.95	\$12,012,611.02	\$9,075,383.21	\$20,003,995.59	\$1,371,555.38
Net Corporate Income.....	\$5,594,374.68	\$ 1,129,548.04	\$4,866,789.44	\$ 2,235,835.69	\$2,228,990.95
Accruals under Contract No. 3 and Related Certificates.....	\$8,326,390.23	\$ 2,690,263.65	\$7,088,164.31	\$ 8,233,560.20	\$2,783,093.68
Balance .....	\$2,732,015.55	\$ 3,819,811.69	\$2,221,374.87	\$ 5,997,724.51	\$ 554,102.73
Per Cent Expenses to Earnings:					
Excluding Taxes .....	70.26	62.68	68.16	61.57	3.89
Including Taxes .....	81.64	63.93	79.17	66.66	3.77
Passengers Carried .....	374,293,051	639,385,780	369,034,477	955,133,110	58,545,721
Daily Average Passengers Carried	1,025,460	1,751,742	1,008,291	2,609,653	167,549

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1921

## ASSETS

FIXED CAPITAL .....	\$202,339,840.93
INVESTMENTS .....	23,499,784.77
BANKERS TRUST COMPANY, TRUSTEE UNDER COLLATERAL INDENTURES DATED SEPTEMBER 1 AND 2, 1918...	59,603,186.02
I. R. T. CO. FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS—REACQUIRED .....	464,000.00
ADVANCES TO ASSOCIATED COMPANIES.....	6,154,283.81
CURRENT ASSETS .....	13,540,905.82
Cash .....	\$2,241,320.87
Cash advanced from General Fund to Subway Contribution (see contra).....	1,545,000.00
Accounts Receivable .....	1,223,736.89
Interest and Dividends Receivable.....	1,000,952.60
Material and Supplies.....	3,705,537.09
Special Deposits:	
To meet interest on First and Refunding Mortgage 5% Bonds, payable July 1, 1921.....	3,346,352.52
To meet Coupons due not presented.....	108,630.50
To meet Uncollected Dividends on Manhattan Railway Company Capital Stock.....	126.00
Other Special Deposits.....	341,789.06
Guaranty Trust Company, Trustee, First and Refunding Mortgage .....	27,460.29
ACCRUALS, CONTRACT NO. 3 AND CERTIFICATES, PAYABLE FROM FUTURE EARNINGS.....	29,707,692.20
CONSTRUCTION AND EQUIPMENT CASH FUNDS.....	5,303,451.58
Subway Contribution Cash.....	\$ 37,818.30
Manhattan Third Tracking Cash.....	293,270.83
Bills Receivable—Elevated Extensions.....	40,000.00
Real Estate Mortgage—Elevated Extensions.....	107,000.00
Elevated Extension Cash.....	329,541.32
Manhattan Power House Cash.....	225,883.63
U. S. 5¾% Certificates of Indebtedness and Liberty Bonds on account of Contract No. 3 and Certificates .....	4,269,937.50
PREPAYMENTS .....	239,926.79
Insurance .....	\$ 202,544.33
Taxes .....	26,661.27
Rents, etc. ....	10,721.19
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....	53,257.50
DEFERRED CHARGES .....	9,838,653.10
Unamortized Debt Discount and Expense.	
FEDERAL TAXES PAID UNDER PROTEST.....	513,961.08
TOTAL .....	<u>\$351,258,943.60</u>

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1921

## LIABILITIES

CAPITAL STOCK .....	\$ 35,000,000.00
FUNDED DEBT .....	162,106,000.00
First and Refunding Mortgage 5% Gold Bonds.	
THREE-YEAR SECURED CONVERTIBLE 7% GOLD NOTES DATED SEPTEMBER 1, 1918.....	38,144,400.00
EXTENDED 6 MONTHS 7% SECURED NOTES DATED DE- CEMBER, 31, 1919.....	1,308,750.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS PLEDGED AS COLLATERAL TO THREE-YEAR 7% GOLD NOTES DATED SEPTEMBER 1, 1918.....	59,602,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS RE- LEASED BY BANKERS TRUST COMPANY.....	464,000.00
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
CURRENT LIABILITIES .....	17,409,790.80
Interest due July 1, 1921, on First and Refunding Mort- gage 5% Gold Bonds.....	\$4,052,650.00
Dividend on Manhattan Railway Company Capital Stock due July 1, 1921.....	1,050,000.00
Interest and Rentals Accrued, not due.....	2,316,636.54
Coupons due, not presented.....	108,630.50
Dividends April 1, 1909, to April 1, 1921, inclusive, on Manhattan Railway Company Capital Stock, unpaid .....	126.00
Due for Wages.....	403,422.40
Accounts Payable .....	3,199,855.18
Taxes Accrued .....	3,624,930.18
Sinking Fund on 5% Bonds.....	\$7,887,785.00
Less amount deposited.....	6,779,245.00
	1,108,540.00
Subway Contribution Cash Liability for Advances from General Fund (see contra).....	1,545,000.00
RESERVES .....	2,504,802.46
Accrued Amortization of Capital.....	\$1,114,515.01
Manhattan Railway Equipment Reserve.....	258,991.52
Interest on Investment of Depreciation Reserve.....	277,671.46
Manhattan Railway Company 2nd Mortgage Bond Dis- count and Expense Amortization.....	3,804.07
Depreciation Reserve under Contract No. 3.....	1,792,062.42
Manhattan Railway Company Capital Account.....	220,794.95
Equipment Reserve, Manhattan Railway Division.....	8,465.00
Equipment Reserve, Subway Division.....	10,565.61
	\$3,686,870.04
Less Debit Balance:	
Depreciation Reserve under Elevated Extension Cer- tificate .....	1,182,067.58
ITEMS AWAITING DISTRIBUTION.....	2,391,306.93
DEFERRED PROFIT AND LOSS CREDITS.....	29,707,692.20
Accruals under Contract No. 3 and Related Certificates.	
PROFIT AND LOSS SURPLUS.....	2,242,878.48
TOTAL .....	\$351,258,943.60

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED

June 30th, 1921 and 1920

<i>Description</i>	1921	1920	<i>Increase</i>
Interest and Sinking Fund on City Bonds.	\$2,435,768.09	\$2,428,487.52	\$ 7,280.57
Interest on First and Refunding Mortgage 5% Gold Bonds.....	7,900,780.33	7,410,893.08	*489,887.25
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	2,057,704.62	1,843,017.77	*214,686.85
Interest on Three-Year 7% Notes.....	2,139,289.84	1,616,087.43	*523,202.41
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,332.67	1,627,360.00	27.33
Interest on Manhattan Railway Second Mortgage 4% Bonds.....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization)	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	853.22	665.35	187.87
Interest on Investment of Depreciation Reserve .....	48,689.17	44,763.75	**3,925.42
Interest on Unfunded Debt.....	265,638.01	222,892.68	42,745.33
Other Rent Deductions.....	483,575.02	393,908.01	89,667.01
Total Income Deductions.....	<u>\$21,375,550.97</u>	<u>\$20,003,995.59</u>	<u>\$1,371,555.38</u>

#### NOTES

\* Due to charging to Income Account the Interest and Sinking Fund on First and Refunding Mortgage 5% Bonds and Interest on Three-Year 7% Notes, issued to provide funds for portions of the new Lines opened for service as follows: Eastern Parkway Line, Brooklyn, from Atlantic Avenue Station to Utica Avenue Station, and Nostrand Avenue Branch to Flatbush Avenue Station, August 23, 1920.

Webster Avenue Line of Elevated Extensions, connecting the Third Avenue Line with the White Plains Road Line of the Subway, October 4, 1920.

Lexington-Pelham Bay Park Branch, from East 177th Street Station to Westchester Square Station, October 24, 1920.

Eastern Parkway Line, Brooklyn, from Utica Avenue Station to Junius Street Station, November 22, 1920.

White Plains Road Line from Nereid Avenue Station to 241st Street Station, December 13, 1920.

Lexington-Pelham Bay Park Branch, from Westchester Square Station to Pelham Bay Park Station, December 20, 1920.

Eastern Parkway Line, Brooklyn, from Junius Street Station to Pennsylvania Avenue Station, December 24, 1920.

\*\* This amount is offset by interest accruals in the account "Investment of Depreciation Reserve" carried into and forming part of "Non-Operating Income" for the year.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED

June 30th, 1921

CHARGEABLE TO CAPITAL ACCOUNT

### A—On Existing Lines

#### SUBWAY DIVISION

Remote control circuit breakers at the ends of all underground feeders.  
600-foot Safety Zones between Sub-stations.

Making a charge to the Interborough Rapid Transit Company  
Fixed Capital Account of..... \$983.92

### B—New Subways, Elevated Improvements and Extensions

#### CONTRACT No. 3:

Construction .....	\$ 706,730.36	
Equipment .....	1,755,464.32	\$2,462,194.68

#### MANHATTAN THIRD TRACKING:

Plant and Structure.....	\$ 221,077.96	
Equipment .....	1,870.98	222,948.94

#### ELEVATED EXTENSIONS:

Plant and Structure.....	\$ 283,956.89	
Equipment .....	123,961.05	407,917.94

MANHATTAN POWER PLANT IMPROVEMENTS 154,368.98

#### ADDITIONS TO COMPANY LINES UNDER EXTENSION CERTIFICATE:

Plant and Structure.....	\$ 96,726.93	
Equipment .....	3,887.58	100,614.51

#### ADDITIONS TO CONTRACT NO. 3:

Construction .....	\$ 2,981.75		
Equipment .....	1,317,253.99	1,320,235.74	4,668,280.79

TOTAL .....			\$4,669,264.71
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# INTERBOROUGH RAPID TRANSIT COMPANY

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30th, 1921

### MANHATTAN RAILWAY DIVISION

PASSENGER CARS:	1921	1920
Motor, closed .....	1,016	1,016
Trailer, closed .....	713	713
Trailer, open .....	8	8
	<hr/> 1,737	<hr/> 1,737
SERVICE CARS:		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Box, motor, steel.....	2	2
Pay, trailer, closed.....	1	1
Supply, trailer, closed.....	15	15
Tool, trailer, closed.....	1	1
Ticket, trailer, closed.....	2	2
Flat, trailer .....	29	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
	<hr/> 60	<hr/> 60
Total .....	1,797	1,797

### ELEVATED EXTENSIONS

PASSENGER CARS:		
Motor, composite, closed.....	476	476

### SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2

PASSENGER CARS:		
Motor, steel, closed.....	785	785
Trailer, steel, closed.....	352	352
	<hr/> 1,137	<hr/> 1,137
SERVICE CARS:		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Observation, motor, closed.....	1	1
Flat, steel, motor.....	7	7
Pay, trailer, closed.....	1	1
Emergency, pump, trailer.....	1	1
Flat, wooden, trailer.....	17	17
Flat, steel, trailer.....	18	18
Hopper, steel, trailer.....	1	1
Dump, steel, trailer.....	2	2
Box, steel, trailer.....	2	2
Refuse, steel, trailer.....	4	4
	<hr/> 56	<hr/> 56
Total .....	1,193	1,193

### SUBWAY DIVISION—CONTRACT NO. 3

#### PASSENGER CARS:

Steel, motor, closed.....	581	493+88
Steel, trailer, closed.....	217	186+31

#### SERVICE CARS:

Motor, steel, pay.....	1	..+1
Motor, steel, instruction.....	..	1-1

Total cars of all description.....	4,265	4,146
------------------------------------	-------	-------

Motor instruction car 4617 was changed to a motor passenger car.  
87 additional motor cars placed in service.  
31 additional trailer cars placed in service.

## VOLUNTARY RELIEF DEPARTMENT OPERATIONS

### YEAR ENDED JUNE 30th, 1921

#### FINANCIAL STATEMENT

Receipts to June 30, 1920, inclusive..... \$1,098,069.84

#### *Receipts for year ended June 30, 1921*

Contributions from members..... \$89,725 85  
Interest on investments and bank balances..... 2,389.46

92,115.31

Received from the Company in advance of collection of contributions.... 63,562.79

Total Receipts ..... \$1,253,747.94  
Disbursements to June 30, 1920, inclusive.....\$1,093,992.63

#### *Disbursements for year ended June 30, 1921*

Accident Benefits paid.....\$ 3,099.50  
Sickness Benefits paid..... 49,473.75  
Death Benefits paid..... 53,338.40  
Contributions refunded ..... 586.16

\$106,497.81

Total Payments ..... \$1,200,490.44

#### *Investments*

\$45,000 Manhattan Railway Company Consolidated Mortgage  
4% Bonds, at cost.....\$43,456.25  
\$10,000 Interborough Rapid Transit Company First and Re-  
funding Mortgage 5% Gold Bonds, due 1966, at cost.... 9,801.25

\$ 53,257.50

#### MEMBERSHIP STATEMENT

Membership, June 30, 1920..... 6,802  
Employees admitted to membership during year ended June 30, 1921.... 1,841  
Loss account of resignations, dismissals, deaths, etc..... 1,895

Net loss during the year..... 54

Total membership, June 30, 1921..... 6,748

During the year the Medical Examiners have made 5,612 calls on disabled members.







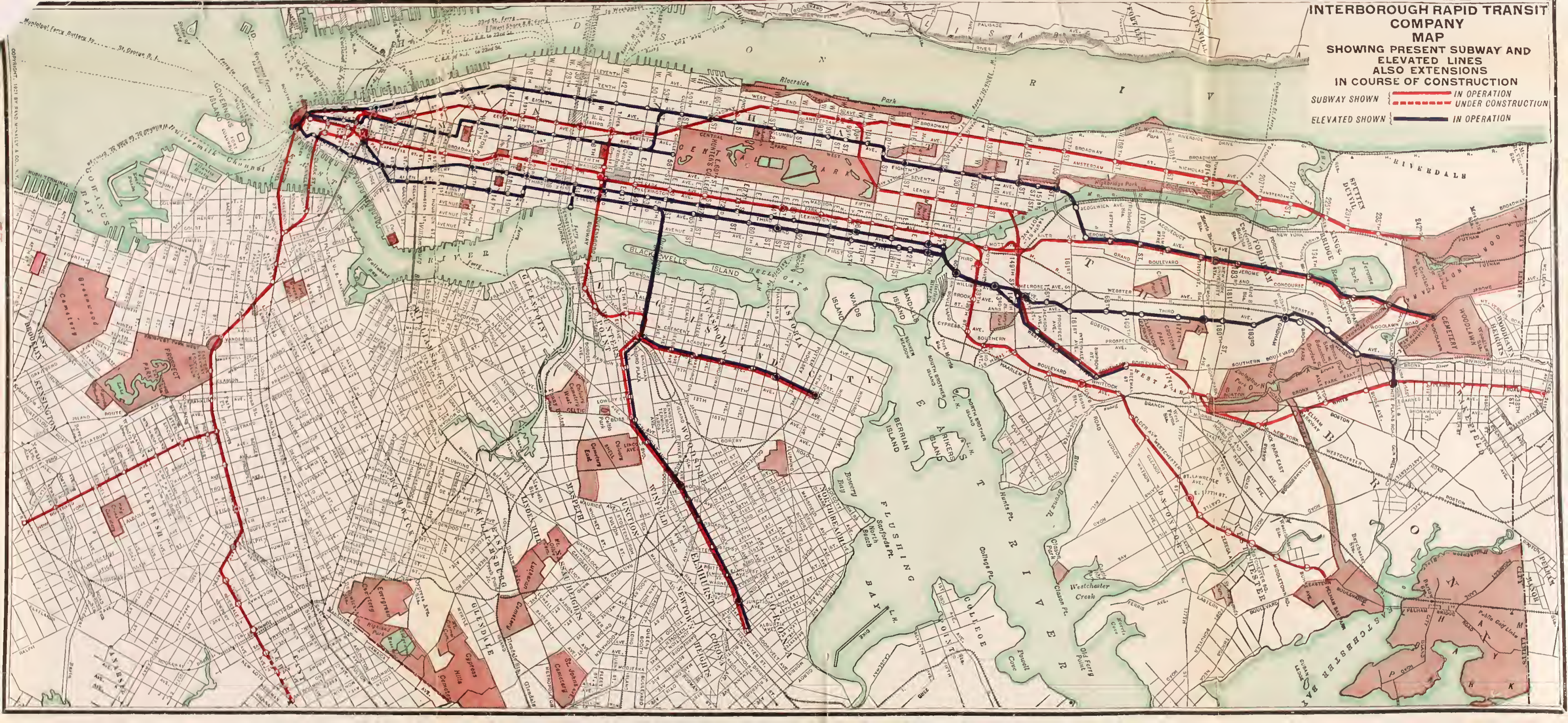
**CONDENSED STATEMENT OF OPERATING RESULTS—YEARS ENDED JUNE 30th—INTERBOROUGH RAPID TRANSIT COMPANY**

FISCAL YEAR	1921	Per Cent. of Gross Oper. Rev.	1920	Per Cent. of Gross Oper. Rev.	1919	Per Cent. of Gross Oper. Rev.	1918	Per Cent. of Gross Oper. Rev.	1917	Per Cent. of Gross Oper. Rev.	1916	Per Cent. of Gross Oper. Rev.	1915	Per Cent. of Gross Oper. Rev.	1914	Per Cent. of Gross Oper. Rev.	1913	Per Cent. of Gross Oper. Rev.	1912	Per Cent. of Gross Oper. Rev.	1911	Per Cent. of Gross Oper. Rev.	1910	Per Cent. of Gross Oper. Rev.	1909	Per Cent. of Gross Oper. Rev.	1908	Per Cent. of Gross Oper. Rev.	1907	Per Cent. of Gross Oper. Rev.	1906	Per Cent. of Gross Oper. Rev.	1905	Per Cent. of Gross Oper. Rev.
<b>INCOME</b>																																		
Revenue from Transportation.....	\$50,713,251.70	92.15	\$47,779,325.85	92.81	\$40,474,574.60	93.68	\$38,548,909.93	95.19	\$38,177,195.14	95.76	\$34,182,100.52	95.24	\$32,365,306.32	96.80	\$32,597,571.28	97.25	\$31,723,838.94	97.62	\$30,571,833.73	97.20	\$28,923,937.12	97.17	\$28,167,033.28	97.17	\$25,764,892.44	97.14	\$24,048,799.40	97.36	\$22,353,302.33	97.60	\$19,685,094.12	97.83	\$16,826,870.77	97.82
Other Operating Revenue.....	4,318,689.63	7.85	3,699,094.93	7.19	2,732,635.23	6.32	1,948,818.25	4.81	1,688,951.30	4.24	1,709,427.77	4.76	1,068,436.49	3.20	917,824.41	2.71	774,031.78	2.38	874,415.06	2.83	843,415.06	2.83	820,619.59	2.83	759,501.68	2.86	650,705.85	2.64	549,277.45	2.40	434,036.00	2.17	374,213.04	2.18
Gross Operating Revenue.....	\$55,031,941.33	100.00	\$51,478,410.81	100.00	\$43,207,209.83	100.00	\$40,497,728.18	100.00	\$39,866,146.44	100.00	\$35,891,528.29	100.00	\$33,433,742.81	100.00	\$33,515,395.69	100.00	\$32,497,870.72	100.00	\$31,246,392.10	100.00	\$29,767,352.18	100.00	\$28,987,647.87	100.00	\$26,524,394.12	100.00	\$24,699,505.25	100.00	\$22,902,579.78	100.00	\$20,121,130.12	100.00	\$17,201,083.81	100.00
<b>OUTGO</b>																																		
Maintenance of Way and Structures—Actual....	\$ 3,859,854.50	7.02	\$ 3,307,411.36	6.42	\$ 2,997,999.55	6.94	\$ 2,068,686.48	5.11	\$ 1,801,474.26	4.52	\$ 1,539,216.66	4.29	\$ 1,545,949.91	4.62	\$ 1,758,051.67	5.27	\$ 1,646,206.78	5.06	\$ 1,518,140.88	4.86	\$ 1,509,258.68	5.07	\$ 1,448,536.79	5.00	\$ 1,442,641.52	5.44	\$ 1,334,509.25	5.40	\$ 1,169,164.85	5.11	\$ 945,631.16	4.70	\$ 842,683.48	4.90
Maintenance of Equipment—Actual.....	4,558,470.55	8.23	4,312,470.09	8.33	4,294,198.19	9.94	2,667,436.18	6.58	2,121,720.74	5.32	2,132,339.45	5.94	2,002,095.80	5.99	1,942,461.07	5.79	1,868,549.39	5.75	2,139,418.18	6.85	3,015,943.08	10.13	1,557,454.45	5.37	1,624,811.83	6.12	1,815,234.57	7.35	1,532,980.94	6.69	1,123,318.29	5.58	1,016,233.50	5.91
Total Maintenance.....	\$ 8,418,325.05	15.30	\$ 7,619,911.45	14.80	\$ 7,292,197.74	16.88	\$ 4,736,122.66	11.69	\$ 3,923,195.00	9.84	\$ 3,671,556.11	10.23	\$ 3,548,045.71	10.61	\$ 3,700,512.74	11.01	\$ 3,514,756.17	10.81	\$ 3,657,559.06	11.71	\$ 4,525,201.76	15.20	\$ 3,006,011.24	10.37	\$ 3,067,453.35	11.56	\$ 3,149,743.82	12.75	\$ 2,702,145.79	11.80	\$ 2,068,919.45	10.28	\$ 1,858,916.98	10.81
Maintenance of Way and Structures—Depreciation..	\$ 218,705.11	.40	\$ 93,813.37	.18	\$ 339,899.23	.79	\$ 95,544.35	.23	\$ 104,030.57	.26	\$ 288,103.10	.80	\$ 192,881.05	.57	\$ 51,354.66	.15	\$ 51,751.00	.16	\$ 167,512.45	.53	\$ 72,491.07	.24	\$ 65,512.66	.23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Maintenance of Equipment—Depreciation.....	549,674.26	1.00	441,941.86	.86	535,083.25	1.24	144,537.27	.36	398,143.96	1.00	331,122.48	.92	368,334.13	1.11	381,850.05	1.14	934,737.29	2.88	633,977.10	2.03	453,142.66	1.52	116,333.47	.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Depreciation.....	\$ 330,969.15	.60	\$ 535,755.23	1.04	\$ 874,972.53	2.03	\$ 240,081.62	.59	\$ 502,174.53	1.26	\$ 619,225.49	1.72	\$ 561,215.18	1.68	\$ 330,495.39	.99	\$ 986,488.29	3.04	\$ 801,489.55	2.56	\$ 380,651.59	1.29	\$ 181,846.13	.63	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total "Maintenance" Appropriation.....	\$ 8,749,294.20	15.90	\$ 8,155,656.68	15.84	\$ 8,147,235.21	14.83	\$ 4,976,204.28	12.28	\$ 4,425,369.53	11.10	\$ 4,290,781.60	11.95	\$ 4,109,260.89	12.29	\$ 4,031,008.18	12.03	\$ 4,501,244.46	13.85	\$ 4,459,048.61	14.27	\$ 4,144,550.17	13.92	\$ 3,187,857.37	11.00	\$ 3,067,453.35	11.56	\$ 3,149,743.82	12.75	\$ 2,702,145.79	11.80	\$ 2,068,919.45	10.28	\$ 1,858,916.98	10.81
Traffic Expenses.....	3,474.61	.01	1,100.33	.....	3,616.57	.01	174.57	.....	37.97	.....	542.87	.....	138.14	.....	586.75	.....	1,746.24	.....	4,209.11	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Transportation Expenses.....	25,057,020.65	45.53	21,289,931.13	41.36	17,851,211.65	41.31	12,473,087.19	30.80	10,376,611.69	26.03	8,330,357.51	23.22	7,615,957.00	22.79	7,526,814.74	22.43	7,409,941.98	22.80	7,342,702.88	23.50	7,110,509.96	23.89	6,737,304.69	23.24	6,479,081.13	24.43	6,395,103.76	25.89	5,873,157.10	25.65	5,399,048.37	26.83	4,877,432.70	28.35
Accidents and Damages.....	487,662.78	.89	632,178.85	1.23	578,111.24	1.34	474,436.58	1.17	661,023.49	1.66	551,885.14	1.54	386,244.07	1.15	343,148.23	1.02	405,081.07	1.25	316,797.22	1.02	219,393.35	.74	243,320.61	.84	246,514.71	.93	284,220.29	1.15	202,334.67	.88	272,983.26	1.36	131,595.30	.77
General Expenses.....	1,227,193.80	3.14	1,616,231.99	3.14	1,383,161.73	3.20	1,189,433.74	2.94	1,120,250.50	2.81	834,597.85	2.32	829,707.09	2.09	1,000,944.12	2.99	944,022.60	2.90	928,666.18	2.97	892,781.94	3.00	840,450.99	2.91	954,394.01	3.60	893,626.79	3.62	814,193.47	3.56	659,842.51	3.24	529,439.44	3.08
Total Operating Expenses.....	\$36,024,646.04	65.46	\$31,695,208.98	61.57	\$26,233,326.40	60.71	\$19,113,336.36	47.19	\$16,583,293.18	41.60	\$14,008,165.97	39.03	\$12,941,314.22	38.71	\$12,902,053.36	38.50	\$13,260,743.14	40.80	\$13,047,801.64	41.76	\$12,368,981.66	41.55	\$11,013,142.77	37.99	\$10,747,443.20	40.52	\$10,722,694.66	43.41	\$ 9,593,131.03	41.89	\$ 8,400,823.59	41.75	\$ 7,397,384.42	43.01
Net Operating Revenue.....	\$19,007,295.29	34.54	\$19,783,201.83	38.43	\$16,973,883.43	39.29	\$21,384,391.82	52.81	\$23,282,853.26	58.40	\$21,883,362.32	60.97	\$20,492,428.59	61.29	\$20,613,342.33	61.50	\$19,237,127.58	59.20	\$18,198,590.46	58.24	\$17,398,370.52	58.45	\$17,974,505.10	62.01	\$15,776,950.92	59.48	\$14,976,810.59	56.59	\$13,309,318.75	58.11	\$11,720,306.53	58.25	\$ 9,803,699.39	56.99
Non-Operating Income.....	639,123.38	1.16	608,338.61	1.18	607,302.08	1.40	\$93,599.98	1.46	559,076.73	1.40	580,830.83	1.62	623,631.25	1.86	612,852.55	1.83	487,490.29	1.50	1,305,200.29	4.18	339,915.31	1.14	411,024.16	1.42	635,642.05	2.40	579,964.70	2.35	277,155.18	1.21	289,967.16	1.44	127,327.02	.74
Total Income.....	\$19,646,418.67	35.70	\$20,391,570.44	39.61	\$17,581,185.51	40.69	\$21,977,991.80	54.27	\$23,841,929.99	59.80	\$22,464,193.20	62.59	\$21,116,059.84	63.15	\$21,226,194.88	63.33	\$19,724,617.87	60.70	\$19,503,790.75	62.42	\$17,738,285.83	59.59	\$18,385,539.26	63.43	\$16,412,592.97	61.88	\$14,556,775.29	58.94	\$13,586,039.93	59.32	\$11,010,273.69	59.69	\$ 9,931,026.41	57.73
<b>DEDUCTIONS</b>																																		
Taxes.....	\$ 2,735,694.34	4.97	\$ 2,623,410.54	5.10	\$ 3,134,186.90	7.26	\$ 3,758,583.38	9.28	\$ 2,871,384.81	7.20	\$ 2,341,606.64	6.53	\$ 2,133,980.09	6.38	\$ 2,081,948.43	6.21	\$ 2,116,880.27	6.52	\$ 1,979,430.97	6.31	\$ 1,925,090.66	6.47	\$ 1,750,421.94	6.04	\$ 1,799,807.31	6.78	\$ 1,586,466.31	6.42	\$ 1,377,165.37	6.02	\$ 1,320,569.13	6.91	\$ 1,203,734.52	7.00
Interest on Bonds (Rental).....	4,244,020.76	7.71	4,236,767.52	8.23	4,221,917.70	9.77	4,192,817.57	10.35	4,183,994.65	10.50	4,085,440.16	11.38	4,001,146.03	11.97	4,002,144.88	11.94	3,980,562.68	12.24	3,954,023.28	12.65	3,895,772.25	13.09	3,822,284.01	13.19	3,801,467.98	14.33	3,801,664.95	15.39	3,599,128.19	15.72	3,220,156.19	16.01	2,433,370.61	14.14
Manhattan Dividends (Rental).....	4,200,000.00	7.63	4,200,000.00	8.16	4,200,000.00	9.72	4,200,000.00	10.37	4,200,000.00	10.53	4,200,000.00	11.70	4,200,000.00	12.53	4,200,000.00	12.53	4,200,000.00	12.92	4,200,000.00	13.44	4,200,000.00	14.11	4,200,000.00	14.51	4,200,000.00	15.83	4,200,000.00	17.01	4,116,100.00	17.97	3,864,000.00	19.20	3,854,000.00	22.46
Manhattan Cash Rental.....	35,000.00	.06	35,000.00	.07	35,000.00	.08	35,000.00	.09	35,000.00	.09	35,000.00	.10	35,000.00	.10	35,000.00	.11	35,000.00	.05	10,000.00	.03	10,000.00	.03	10,000.00	.03	10,000.00	.04	10,000.00	.04	10,000.00	.01	10,000.00	.05	10,000.00	.01
Interest on Notes and 5% Bonds.....	10,040,070.17	18.25	9,026,930.51	17.53	7,662,710.11	17.74	4,327,127.34	10.69	3,572,515.06	8.96	3,043,630.26	8.48	2,632,572.97	7.87	2,720,882.77	8.12	1,854,642.92	5.71	1,617,033.74	5.18	1,812,913.31	6.09	2,065,631.65	7.12	1,999,281.67	7.54	1,250,000.00	5.06	764,166.67	3.35	356,666.67	1.77	.....	.....
Sinking Fund on 5% Bonds.....	2,057,704.62	3.74	1,843,017.77	3.58	1,552,585.86	3.59	438,821.42	1.08	.....	.....	113,196.66	.31	336,290.84	1.04	329,692.50	1.06	300,000.00	1.01	300,000.00	1.01	300,000.00	1.01	200,000.00	.69	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Amortization.....	853.22	.....	665.35	.....	665.35	.....	665.35	.....	625.35	.....	312.67	.....	3,565.37	.01	97,086.74	.31	31,758.12	.10	97,086.74	.31	31,269.98	.10	12,929.64	.04	12,212.89	.05	7,984.67	.03	.....	.....	.....	.....	.....	.....
Interest on Unfunded Debt.....	265,638.01	.48	222,892.68	.43	143,127.39	.34	123,314.57	.31	37,600.00	.09	37,500.00	.10	37,500.00	.11	37,500.00	.11	643,333.34	1.98	786,180.54	2.52	416,292.94	1.40	233,005.61	.80	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Rent Deductions.....	483,575.02	.88	393,908.01	.76	393,671.29	.91	199,512.70	.49	36,554.22	.09	7,376.48	.02	7,376.48	.02	6,576.56	.02	6,576.56	.																



**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP  
SHOWING PRESENT SUBWAY AND  
ELEVATED LINES  
ALSO EXTENSIONS  
IN COURSE OF CONSTRUCTION**

SUBWAY SHOWN { ——— IN OPERATION  
- - - - - UNDER CONSTRUCTION  
ELEVATED SHOWN { ——— IN OPERATION





1921-1922

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1922

PRINT  
JOHN WARD & SON  
NEW YORK

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1920\*

MORGAN BELMONT .....New York  
H. M. FISHER .....Plainfield, N. J.  
FRANK HEDLEY .....Yonkers, New York  
GRAYSON M-P. MURPHY .....New York  
ROBERT C. RATHBONE .....New York

### TERMS EXPIRE 1921\*

MAJOR AUGUST BELMONT .....New York  
EDWARD J. BERWIND .....New York  
W. LEON PEPPERMAN .....New York  
F. DE C. SULLIVAN .....New York  
BRIG. GEN. CORNELIUS VANDERBILT.....New York

### TERMS EXPIRE 1922\*

THOMAS DE WITT CUYLER.....Philadelphia  
HARVEY D. GIBSON.....New York  
MORTIMER N. BUCKNER.....New York  
BRIG. GEN. GUY E. TRIPP.....New York  
CHARLES E. DUNLAP.....New York

## EXECUTIVE COMMITTEE

MAJOR AUGUST BELMONT .....New York  
EDWARD J. BERWIND .....New York  
THOMAS DE WITT CUYLER.....Philadelphia  
FRANK HEDLEY .....Yonkers, New York  
BRIG. GEN. CORNELIUS VANDERBILT.....New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board—MAJOR AUGUST BELMONT,

45 Cedar Street, New York City

Chairman Executive Committee.....EDWARD J. BERWIND

President and General Manager.....FRANK HEDLEY

Treasurer and Assistant to President.....W. LEON PEPPERMAN

Secretary .....H. M. FISHER

General Counsel and General Attorney.....JAS. L. QUACKENBUSH

Auditor .....E. F. J. GAYNOR

Director Welfare Work.....H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds....SECRETARY'S OFFICE

Transfer Agents .....OFFICE OF SECRETARY

Annual Stockholders' Meeting.....Fourth Wednesday in September

\*Annual meetings adjourned from time to time, directors holding over

### MILEAGE—Revised to June 30, 1922

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.29	85.28
Contract No. 3:								
Atlantic Ave.....	....	0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Brooklyn Line .....	5.10	....	1.79	0.12	3.19	....	0.96	17.66
Corona Line.....	4.21	....	0.30	3.91	....	....	0.28	12.61
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line ...	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Nostrand Ave. Branch	2.70	....	2.70	....	....	....	0.15	5.55
Pelham Bay Park Line	7.15	....	0.34	6.81	....	....	0.49	21.60
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.22	5.98
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.88	....	0.18	4.37	....	0.33	0.70	15.82
Manhattan Division....	37.67	....	7.28	27.39	2.84	0.16	21.30	130.19
8th Ave. and 162d St. Connection.....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge Line .....	1.35	....	1.35	....	....	....	0.03	2.73
Webster Avenue Line.	1.74	....	0.03	1.71	....	....	0.14	5.33
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	114.70	1.34	31.66	59.18	21.47	1.19	39.11	373.14

Turnout from No. 4 track west end of Atlantic Avenue, Brooklyn Line, Subway  
Division, removed May, 1922.

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, December 15, 1922.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1922.

The comparative income account for the years ended June 30, 1922 and 1921, is:

#### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1922	1921	Increase Decrease
Gross Operating Revenue.....	\$53,540,859.25	\$55,031,941.33	\$1,491,082.08
Operating Expenses .....	32,272,508.98	36,024,646.04	3,752,137.06
Net Operating Revenue.....	\$21,268,350.27	\$19,007,295.29	\$2,261,054.98
Taxes .....	2,802,823.72	2,735,694.34	67,129.38
Income from Operation.....	\$18,465,526.55	\$16,271,600.95	\$2,193,925.60
Non-Operating Income .....	652,875.26	639,123.38	13,751.88
Gross Income .....	\$19,118,401.81	\$16,910,724.33	\$2,207,677.48
Income Deductions .....	21,885,199.28	21,375,550.97	509,648.31
Net Corporate Income for the Year..	\$2,766,797.47	\$4,464,826.64	\$1,698,029.17
Add:			
*Surplus, June 30, 1921, and June 30, 1920	2,242,878.48	7,093,100.71	4,850,222.23
Other Credits .....	19,343.21	34,779.24	15,436.03
Totals .....	\$504,575.78	\$2,663,053.31	\$3,167,629.09
Appropriated for:			
Loss upon sale of Liberty Bonds.....		\$394,756.78	\$394,756.78
Miscellaneous Charges .....	\$20,290.70	25,418.05	5,127.35
Total Appropriations .....	\$20,290.70	\$420,174.83	\$399,884.13
*Profit and Loss .....	\$524,866.48	\$2,242,878.48	\$2,767,744.96

\*Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings.

## Statement of Operations for the Year Ended June 30th, 1922

Gross Operating Revenue .....	\$53,540,859.25
Operating Expenses .....	32,272,508.98
Net Operating Revenue .....	<u>\$21,268,350.27</u>
Taxes .....	2,802,823.72
Income from Operation .....	\$18,465,526.55
Non-Operating Income .....	652,875.26
Gross Income .....	<u>\$19,118,401.81</u>
Interest and Sinking Fund on City Bonds.....	\$2,482,633.04
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	8,022,325.70
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	2,103,339.79
*Interest on Three-Year 7% Notes.....	2,501,432.90
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,320.00
Interest on Manhattan Railway Second Mortgage 4% Bonds.	180,920.00
Manhattan Railway Rental (Organization).....	35,000.00
Guaranteed Dividend—7% on Manhattan Railway Company Capital Stock .....	4,200,000.00
Interest on Unfunded Debt.....	327,345.45
Other Rent Deductions .....	355,242.83
Interest on Investment of Depreciation Reserve.....	48,800.00
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	839.57
Total Income Deductions .....	<u>21,885,199.28</u>
Net Corporate Income .....	<u>\$2,766,797.47</u>
Accruals under Contract No. 3 and Related Certificates.....	10,238,489.36
Balance .....	<u>\$7,471,691.89</u>
Per Cent. Expenses to Earnings.....	60.27
Passengers Carried .....	993,492,690

\*Extended September 1st, 1921, interest accrued @ 8% from that date.

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1922, was \$53,540,859.25 as compared with \$55,031,941.33 last year, a decrease of \$1,491,082.08, or 2.71%, the result of a loss on the Subway Division of \$184,573.98, or 0.53%, and a loss on the Manhattan Railway Division of \$1,306,508.10, or 6.46%.

The loss in the revenue from the transportation of passengers being \$1,009,534.65, and the decrease in the Other Street Railway Operating Revenue (principally from the sale of power), \$481,547.43.

### Operating Expenses

Operating Expenses were \$32,272,508.98 as compared with \$36,024,646.04 last year, a decrease of \$3,752,137.06, or 10.41%, of which \$1,464,879.66, or 6.71%, was on the Subway Division and

\$2,287,257.40 or 16.11%, on the Manhattan Division, the decrease being due substantially to a saving in payrolls and a reduction in the cost of coal.

### **Net Operating Revenue**

The Net Operating Revenue was \$21,268,350.27 as compared with \$19,007,295.29 last year, an increase of \$2,261,054.98, or 11.89%, the result of a gain on the Subway Division of \$1,280,305.68, or 9.85%, and a gain on the Manhattan Railway Division of \$980,749.30, or 16.32%.

### **Taxes**

The total amount of Taxes was \$2,802,823.72 as compared with \$2,735,694.34 last year, an increase of \$67,129.38, or 2.45%; Subway Division shows an increase of \$11,856.56, or 2.72%, while the Manhattan Railway Division shows an increase of \$55,272.82, or 2.40%.

### **Income from Operation**

Income from Operation was \$18,465,526.55 as compared with \$16,271,600.95 last year, or an increase of \$2,193,925.60, or 13.48%, the result of a gain on the Subway Division of \$1,268,449.12, or 10.09%, and a gain on the Manhattan Railway Division of \$925,476.48, or 24.95%.

### **Non-Operating Income**

Non-operating Income was \$652,875.26 as against \$639,123.38 last year, an increase of \$13,751.88, or 2.15%, the result of an increase on the Subway Division of \$2,226.36, or 0.38%, and an increase on the Manhattan Railway Division of \$11,525.52, or 19.31%.

### **Gross Income**

Gross income was \$19,118,401.81 as compared with \$16,910,724.33 last year, an increase of \$2,207,677.48, or 13.05%, the result of a gain on the Subway Division of \$1,270,675.48, or 9.67%, and a gain on the Manhattan Railway Division of \$937,002.00, or 24.86%.

### **Income Deductions**

Income Deductions were \$21,885,199.28 as compared with \$21,375,550.97 last year, an increase of \$509,648.31, or 2.38%, the details of which are set out on Page No. 18.

### **Traffic**

The number of passengers carried was 993,492,690 compared with 1,013,678,831 last year, a decrease of 20,186,141, or 1.99%, the result of a gain on the Subway Division of 5,589,694, or 0.87%, and a loss on the Manhattan Railway Division of 25,775,835, or 6.88%.

The loss on the Manhattan Division reflects the continued flow of traffic to the Subway Lines incident to the operation of new lines constructed and equipped under Contract No. 3 and operated in connection with the old Subway Lines, as well as the loss in passenger traffic resulting from depressed general business conditions.

### **Maintenance**

\$8,328,875.37 was spent during the year for maintaining the structure, roadway, power houses, electrical equipment and rolling stock in good operating condition. This sum included the renewal of rails on 2.09 miles of single track and 17,961 ties on the Manhattan Division and 25.05 miles of single track and 15,788 ties on the Subway Division.

### **Additions and Betterments**

\$1,231,014.23 was spent during the past year for additions and betterments to the property. This sum includes the Company's contribution towards new construction and equipment under Contract No. 3 and Related Certificates.

## INTERBOROUGH RAPID TRANSIT COMPANY

### FINANCIAL

	1922	1921
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds, dated January 1st, 1913, due January 1st, 1966.....	162,106,000	162,106,000
Three-Year Secured Convertible 7% Gold Notes, dated September 1st, 1918 .....	*38,144,400	38,144,400
Extended 6 Months 7% Secured Notes, dated December 31st, 1919 .....	†553,050	1,308,750
Totals .....	\$235,803,450	\$236,559,150

The First and Refunding 5% Gold Bonds dated January 1st, 1913, and the 7% Gold Notes dated September 1st, 1918, above referred to, were issued for the following purposes:

	Bonds	Notes
To provide funds for Subway Construction and Equipment under Contract No. 3 dated March 19th, 1913.....	\$79,961,463	\$20,499,976
To provide funds for Elevated Third Tracking under certificate dated March 19th, 1913.....	12,025,666	11,928,575
To provide funds for Elevated Extensions under certificate dated March 19th, 1913.....	14,191,237	2,776,737
To provide funds for the Manhattan Division Power Plant Improvements .....	3,312,634	2,939,112
For the refunding of \$15,000,000 Notes, due May 1st, 1913, and Forty-five Year Mortgage 5% Gold Bonds, dated November 1st, 1913 .....	52,615,000	.....
	\$162,106,000	*\$38,144,400

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

\*Extended September 1st, 1921 @ 8%.....\$37,565,600

Not Extended ..... 578,800

\$38,144,400

†Funds on deposit to retire all outstanding notes.

## REMARKS

It is with considerable satisfaction that I am able finally to announce the successful consummation of the Plan of Readjustment which, by the action of the several Bond and Stockholders Committees, was declared operative as of November 25, 1922. The completion of this arrangement marks what is hoped will be the end of one of the most critical periods of the company's history. The accumulation of war burdens coupled with the refusal of the public authorities to grant any relief, made necessary this radical readjustment of the company's finances.

The plan provides, generally, in lieu of the 7% guaranteed dividend heretofore paid the Manhattan stockholders, for the payment out of net earnings of the combined properties after fixed charges, of 3% for the fiscal year beginning July 1, 1922, 4% for the fiscal year beginning July 1, 1923, and 5% thereafter. This dividend rental is cumulative, so that if the earnings of any quarter do not justify the rental at this rate the subsequent earnings shall be applied to make up the deficiency before any dividends shall be paid on the stock of the Interborough Company. In any year in which the income of the combined system is insufficient to pay the Manhattan dividend in full at the reduced rates, provision has been made for a segregation of the earnings of the Manhattan leased lines, with an assurance to Manhattan stockholders that, up to the rates agreed on, they shall receive at least the earnings of their own property.

If in any fiscal year after the payment of the full cumulative dividend rentals above mentioned, the Interborough Company shall have paid or set aside by way of dividends upon the Interborough stock for said year an amount equal to four per cent. upon the par value thereof, no further dividends shall be paid for that year upon the Interborough stock unless and until an amount shall have been paid to the Manhattan Company by way of additional rental for said year equal to one per cent. upon the par value of said Manhattan stock subject to the plan. After such amount shall have been paid or set aside a further dividend for that year may be paid upon the Interborough stock not exceeding one per cent. upon the par value thereof. No further dividends shall be paid for that year upon the Interborough stock unless and until an additional amount by way of rental for said year shall have been paid to the Manhattan Company equal to one per

cent. upon the par value of the Manhattan stock subject to the plan, but the aggregate dividend rental to the Manhattan Company for any one year shall not exceed seven per cent.

No dividend shall be paid upon the capital stock of the Interborough Company before July 1, 1926, nor out of income earned prior to that date, until the Manhattan dividend rental at the rates mentioned including accumulations shall have been paid.

Provision is made for the expenditure by the Interborough Company prior to June 30, 1923, of at least \$2,000,000 for deferred maintenance and for improvements upon and additions to the property of the Manhattan Company and provision must be made for thereafter maintaining the Manhattan property in full efficiency.

The capital requirements within the five year period ending June 30, 1926, practically all of which are for additional cars, power house equipment and other property coming under the definition of "Additional Equipment" under the contract with the City, and should therefore serve as a basis for the authorization of additional bonds, are estimated at \$15,000,000. Of this amount approximately \$6,000,000 is for new cars, \$4,500,000 of the cost of which has been or will be provided by the issue of equipment trust obligations, thus making the net amount to be provided under the plan for these purposes \$10,500,000, that sum, with the cash payment of \$3,814,440 needed to retire ten per cent. of Interborough Three Year Secured Convertible 7% Gold Notes, as a condition to the extension for ten years of the remaining 90% of such Notes, and requirements for back taxes, unpaid Manhattan rentals, deferred maintenance, unadjusted payments into depreciation fund, deferred charges, etc., estimated at \$9,000,000, made the total cash requirements \$23,314,440.

The estimated amount of cash available for the above requirements is as follows:

(1) Earnings for the four fiscal years beginning with July 1, 1922, over and above the proposed new fixed charges...	\$11,849,000
(2) Postponement of sinking fund payments on Interborough Bonds accruing during the three and one-half years beginning July 1, 1922.....	7,612,500
(3) Proceeds of sale of \$10,500,000 face value of new Interborough Ten Year 6% Gold Notes.....	10,500,000
	<hr/>
	\$29,961,500
Estimated surplus above requirements.....	\$ 6,647,060

Experts employed by the various Bond, Note and Stockholders' Committees have made estimates of the operating results under the plan for the period from July 1, 1922, to July 1, 1926. These estimates are based on the operation of the system as now constituted with the addition of three hundred and fifty new cars, and on assumptions as to future growth of traffic which they regard as reasonable. They show a very considerable surplus after providing for the Manhattan dividends at the new rate and after allowance for interest on the \$15,000,000 of 6% Notes and for full Sinking Fund on the 5% Bonds, although actual payment of the latter will be postponed until July 1, 1926.

The following provision is made for the election of Directors: One-half to be elected by the stockholders and one-half by the Transit Commission and the City, the Manhattan stockholders and the Registered holders of the Interborough Company's First and Refunding Mortgage 5% Bonds. A Voting Trust has been created covering the majority of the Interborough stock and voting trust certificates will be distributed to stockholders in place of stock certificates.

\* \* \* \* \*

There has been a gradual improvement in the operating results during the year ended June 30, 1922. As will be seen from the Comparative Statement of Income Account this improvement was brought about largely through a reduction in operating expenses more fully explained herein below. The decrease in the number of passengers carried is attributed to general business depression and to the delay in making available proper housing facilities in the City of New York at reasonable rentals. The extensions, particularly the Jerome Avenue and Eastern Parkway Lines, have not yet produced the new travel which should result after the housing program now under way has made further progress. There was a decrease of \$3,752,137.06 in operating expenses brought about chiefly by a saving in the payrolls as the result of the operation of the multiple unit car doors and station turnstiles and the reduction in wages which became effective July 24, 1921. The installation of multiple-unit car doors and turnstiles is being extended and further savings should result therefrom particularly on the elevated lines, as soon as that system is fully equipped under the provisions made for that purpose in the Plan of Readjustment.

The increase in interest charges was due principally to additional bond interest charged against earnings by reason of newly con-

structed lines being placed in operation, and to the renewal of the company's 7% Notes for one year at 8%. These renewed Notes became due and payable on September 1, 1922, and provision is made in the readjustment plan for the payment of ten per cent. of the face value thereof in cash and the renewal of the balance, amounting to \$34,330,000, for ten years at 7% per annum. Accruals under Contract No. 3 and related certificates decreased \$778,164.52. These accruals represent the unearned Manhattan and Subway preferentials and the extent of the decrease measures the corresponding increase in the net earnings of your property for the period.

The balance of the \$2,900,000 six months 7% Notes of your company issued in 1919 which matured December 31, 1921, were at that time renewed to June 30, 1922. Subsequently by reason of collections made from the City of New York on claims and retained percentages on contracts, which had been deposited as collateral to the Notes, your company was able to retire the Notes at maturity.

The last semi-annual inspection and inventory of the physical property of your company made by the company's engineers and experts showed that the factor of safety in operation was not only being maintained but by reason of continued improvements was being increased from time to time. This inspection is a regular feature of the service and is in addition to the rigid precautions taken at all times to guard against every form of accident. These precautions include set rules of procedure and scheduled inspections and have no reference to income. Whatever expense is required to afford the highest degree of safety is incurred, and there will be no deviation from this rule.

On May 2, 1922, the Transit Commission issued its order for increased service in the Subway by the addition of more cars during the rush hour period and for the operation of additional trains. This order which followed an extended hearing on service conditions was accepted by your company. Compliance with its provisions made necessary the acquisition of additional equipment and on May 22, 1922, the Transit Commission issued a second order requiring the purchase of three hundred and fifty new steel cars for use in the Subway Division, of which one hundred were to be ordered and equipped ready for operation as soon as possible but not later than the winter of 1922-23, and the remaining two hundred and fifty

shortly thereafter as specified in the order. One hundred of these cars have been ordered and are now being constructed, provision being made for payment partly in cash and partly from the proceeds of car trust certificates to be amortized over a period of five years.

The work of equipping the Subway cars with the multiple unit car door control is proceeding satisfactorily. The installation has been completed on 982 cars and the equipping of 396 additional cars is now under way. The balance of the Subway stations are also being equipped with the coin-operated safety gates and a slug-detecting device is being installed which should eliminate the slight loss suffered from this source. In the estimates that were submitted to the Transit Commission we included a proposal to equip the Elevated stations with turnstiles and a certain number of the Elevated cars with multiple-unit door control. There has been no diminution in the rate of savings resulting from these improvements.

The final link of that portion of the dual Subway system to be operated by this Company, i.e., the extension of the Queensboro Subway from Vanderbilt Avenue and 42nd Street, under 42nd Street, Bryant Park and West 41st Street, to Eighth Avenue, is now being constructed by the City of New York under the terms of Contract No. 3, dated March 19, 1913. As soon as completed it will be placed in operation as a part of the Interborough System, enabling Queensboro passengers to travel through to Eighth Avenue without change of cars or to transfer to either the Broadway or Seventh Avenue Subways at these points. With the operation of this extension and the completion by the City of New York of the shuttle train terminals at the Grand Central and Times Square stations the present temporary and unsatisfactory shuttle train service will be materially improved.

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The management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

FRANK HEDLEY,  
President and General Manager.

# INTERBOROUGH RAPID TRANSIT COMPANY.

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1922 AND 1921.

YEAR ENDED JUNE 30	1922				1921				Increase Decrease
	Manhattan Ry. Division	Subway Division	Total		Manhattan Ry. Division	Subway Division	Total		
Revenue from Transportation.....	\$17,445,939.80	\$32,257,777.25	\$49,703,717.05		\$18,734,417.55	\$31,978,834.15	\$50,713,251.70		\$1,009,534.65
Other Street Railway Operating Revenue.....	1,452,078.58	2,385,063.62	3,837,142.20		1,470,108.93	2,848,580.70	4,318,689.63		481,547.43
Gross Operating Revenue.....	\$18,898,018.38	\$34,642,840.87	\$53,540,859.25		\$20,204,526.48	\$34,827,414.85	\$55,031,941.33		\$1,491,082.08
Operating Expenses:									
Maintenance of Way and Structures.....	\$1,190,575.14	\$2,355,713.20	\$3,546,288.34		\$1,272,885.18	\$2,368,264.21	\$3,641,149.39		\$94,861.05
Maintenance of Equipment.....	1,455,147.43	3,533,569.74	4,988,717.17		1,555,748.53	3,552,396.28	5,108,144.81		119,427.64
Traffic.....	40.65	325.09	365.74		276.91	3,197.70	3,474.61		3,108.87
Transportation Expenses.....	8,341,256.93	13,211,839.03	21,553,095.96		10,419,761.71	14,637,358.94	25,057,020.65		3,503,924.69
General Expenses.....	921,064.80	1,262,976.97	2,184,041.77		946,670.02	1,268,186.56	2,214,856.58		30,814.81
Total Operating Expenses.....	\$11,908,084.95	\$20,364,424.03	\$32,272,508.98		\$14,195,342.35	\$21,829,303.69	\$36,024,646.04		\$3,752,137.06
Net Operating Revenue.....	\$6,989,933.43	\$14,278,416.84	\$21,268,350.27		\$6,009,184.13	\$12,998,111.16	\$19,007,295.29		\$2,261,054.98
Taxes.....	2,355,563.57	447,260.15	2,802,823.72		2,300,290.75	435,403.59	2,735,694.34		67,129.38
Income from Operation.....	\$4,634,369.86	\$13,831,156.69	\$18,465,526.55		\$3,708,893.38	\$12,562,707.57	\$16,271,600.95		\$2,193,925.60
Non-Operating Income.....	71,197.41	581,677.85	652,875.26		59,671.89	579,451.49	639,123.38		13,751.88
Gross Income.....	\$4,705,567.27	\$14,412,834.54	\$19,118,401.81		\$3,768,565.27	\$13,142,159.06	\$16,910,724.33		\$2,207,677.48
Interest and Sinking Fund on City Bonds.....									
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$1,394,492.91	6,627,832.79	8,022,325.70		\$1,354,992.96	6,545,787.37	7,900,780.33		121,545.37
Sinking Fund on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	480,979.29	1,622,360.50	2,103,339.79		469,021.69	1,588,682.93	2,057,704.62		45,635.17
*Interest on Three-Year 7% Notes	1,013,122.08	1,488,310.82	2,501,432.90		886,668.71	1,252,623.13	2,139,289.84		362,143.06

Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	1,627,320.00	1,627,320.00	1,627,332.67	1,627,332.67	12.67
Interest on Manhattan Railway Second Mortgage 4% Bonds .....	180,920.00	180,920.00	180,920.00	180,920.00	
Manhattan Railway Rental (Organization) .....	35,000.00	35,000.00	35,000.00	35,000.00	
Guaranteed Dividend — 7% on Manhattan Railway Co. Capital Stock .....	4,200,000.00	4,200,000.00	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense .....	839.57	839.57	853.22	853.22	13.65
Interest on Investment of Depreciation Reserve .....		48,800.00	48,689.17	48,689.17	110.83
Interest on Unfunded Debt .....	215,487.67	111,857.78	124,602.68	265,638.01	61,707.44
Other Rent Deductions .....	336,790.58	18,452.25	483,550.02	483,575.02	128,332.19
Total Income Deductions .....	\$9,494,952.10	\$12,400,247.18	\$9,362,939.95	\$21,375,550.97	\$509,648.31
Net Corporate Income .....	<del>\$4,779,384.83</del>	<del>\$2,012,587.36</del>	<del>\$5,594,374.08</del>	<del>\$4,464,826.64</del>	\$1,698,029.17
Accruals under Contract No. 3 and Related Certificates .....	\$8,312,058.67	\$1,926,430.69	\$8,326,390.33	\$11,016,653.88	\$778,164.52
Balance .....	\$3,532,673.84	\$3,939,018.05	\$2,732,015.55	\$6,551,827.24	\$919,864.65
Per Cent. Expenses to Earnings :					
Excluding Taxes .....	63.01	58.78	70.26	65.46	5.19
Including Taxes .....	75.48	60.07	81.64	70.43	4.92
Passengers Carried .....	348,517,216	644,975,474	374,293,051	1,013,678,831	20,186,141
Daily Average Passengers Carried	954,842	1,767,056	1,035,460	2,777,202	55,304

\*Extended September 1, 1921 @ 8%.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET JUNE 30, 1922

## ASSETS

FIXED CAPITAL .....	\$203,622,578.06
INVESTMENTS .....	21,522,721.83
BANKERS TRUST COMPANY, TRUSTEE UNDER COL- LATERAL INDENTURES DATED SEPTEMBER 1 AND 2, 1918 .....	59,603,186.02
I. R. T. CO. FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS—REACQUIRED .....	464,000.00
DUE FROM ASSOCIATED COMPANIES.....	7,736,557.83
CURRENT ASSETS .....	13,624,092.96

Cash .....	\$4,533,460.54
Cash advanced from General Fund to Subway Contribu- tion (see contra) .....	705,000.00
Accounts Receivable .....	615,799.20
Bills Receivable .....	2,250.00
Interest and Dividends Receivable.....	98,701.61
Material and Supplies.....	3,358,817.47
Special Deposits:	
To meet interest on First and Refunding Mortgage 5% Bonds, payable July 1, 1922.....	3,340,526.43
To meet Coupons due not presented.....	74,471.50
To meet Uncollected Dividends on Manhattan Rail- way Company Capital Stock.....	129.50
Other Special Deposits.....	295,069.67
Guaranty Trust Company, Trustee, First and Re- funding Mortgage .....	27,460.29
To meet principal and Interest on 6 Months 7% Secured Notes dated December 31, 1919, due June 30, 1922.....	572,406.75

## ACCRUALS, CONTRACT NO. 3 AND CERTIFICATES PAYABLE

FROM FUTURE EARNINGS (see contra).....	39,946,181.56
CONSTRUCTION AND EQUIPMENT FUNDS.....	5,104,370.97

Subway Contribution Cash.....	\$18,026.00
Manhattan Third Tracking Cash.....	223,161.77
Real Estate Mortgage—Elevated Extensions.....	138,765.00
Elevated Extension Cash.....	239,386.67
Manhattan Power House Cash.....	191,990.36
Accrued Interest .....	52,953.67
U. S. Certificates of Indebtedness and Liberty Bonds on account of Contract No. 3 and Certificates.....	4,240,087.50

PREPAYMENTS .....	143,444.32
Insurance .....	\$126,888.10
Taxes .....	12,251.87
Rents, etc. ....	4,304.35

SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND....	53,257.50
DEFERRED CHARGES .....	9,805,689.66

Unamortized Debt Discount and Expense,	
PROFIT AND LOSS, DEFICIT.....	524,866.48
TOTAL .....	\$362,150,947.19

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1922

LIABILITIES	
CAPITAL STOCK .....	\$35,000,000.00
FUNDED DEBT .....	162,106,000.00
First and Refunding Mortgage 5% Gold Bonds.	
THREE-YEAR SECURED CONVERTIBLE 7% GOLD NOTES	
DATED SEPTEMBER 1, 1918.....	38,144,400.00
Extended at 8% .....	\$37,565,600.00
Not Extended .....	578,800.00
EXTENDED SIX MONTHS 7% SECURED NOTES DATED	
DECEMBER 31, 1919.....	553,050.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS	
PLEDGED AS COLLATERAL TO THREE-YEAR 7% GOLD	
NOTES DATED SEPTEMBER 1, 1918.....	59,602,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS RE-	
LEASED BY BANKERS TRUST COMPANY.....	464,000.00
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
LOAN FROM RAPID TRANSIT SUBWAY CONSTRUCTION	
COMPANY, ACCOUNT SARATOGA AWARD.....	1,954,318.00
CURRENT LIABILITIES .....	20,351,204.92
Interest due July 1, 1922, on First and Refunding	
Mortgage 5% Gold Bonds.....	\$4,052,650.00
Dividend on Manhattan Railway Company Capital	
Stock due July 1, 1922, or prior.....	3,150,129.50
Interest and Rentals Accrued, not due.....	2,642,100.09
Coupons due, not presented.....	74,471.50
Interest due June 30, 1922, on 6 months 7% Notes....	19,356.75
Due for Wages.....	408,105.90
Accounts Payable .....	2,559,351.64
Taxes Accrued .....	3,414,419.54
Sinking Fund on 5% Bonds.....	\$10,487,865.00
Less amount deposited.....	7,162,245.00
	3,325,620.00
Subway Contribution Cash Liability for Advances	
from General Fund (see contra).....	705,000.00
RESERVES .....	1,602,870.72
Accrued Amortization of Capital.....	\$1,114,515.01
Manhattan Railway Equipment Reserve.....	258,991.52
Interest on Investment of Depreciation Reserve.....	326,471.46
Manhattan Railway Company Second Mortgage Bond	
Discount and Expense Amortization.....	4,643.64
Depreciation Reserve under Contract No. 3.....	2,518,670.86
Manhattan Railway Company Capital Account.....	217,182.65
Equipment Reserve, Manhattan Railway Division.....	8,465.00
Equipment Reserve, Subway Division.....	13,613.22
	\$4,462,553.36
Less Debit Balance:	
Depreciation Reserve under Elevated Extension Cer-	
tificate .....	1,758,671.74
	\$2,703,881.62
Less Investments on account of Reserves:	
I. R. T. Co. First and Refunding Mortgage	
5% Bonds for Depreciation Fund.....	\$879,767.50
Man. Ry. Co. 4% Bonds for Amortization	
Fund .....	4,060.75
Special Deposit, Man. Ry. Co. Construction	
Cash .....	217,182.65
	1,101,010.90
ITEMS AWAITING DISTRIBUTION.....	2,049,599.26
DEFERRED PROFIT AND LOSS CREDITS (See Contra).....	39,946,181.56
Accruals under Contract No. 3 and Related Certificates	
TOTAL .....	\$362,150,947.19

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED**  
**JUNE 30th, 1922 AND 1921**

<i>Description</i>	1922	1921	<i>Increase</i>
Interest and Sinking Fund on City Bonds.....	\$2,482,633.04	\$2,435,768.09	*\$46,864.95
Interest on First and Refunding Mortgage 5% Gold Bonds .....	8,022,325.70	7,900,780.33	†121,545.37
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	2,103,339.79	2,057,704.62	†45,635.17
**Interest on Three-Year 7% Notes.....	2,501,432.90	2,139,289.84	‡362,143.06
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,320.00	1,627,332.67	12.67
Interest on Manhattan Railway 2nd Mortgage 4% Bonds .....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization)...	35,000.00	35,000.00	
Guaranteed Dividend—7% on Manhattan Rail- way Company Capital Stock.....	4,200,000.00	4,200,000.00	
Amortization of Debt Discount and Expense...	839.57	853.22	13.65
Interest on Investment of Depreciation Reserve	48,800.00	48,689.17	110.83
Interest on Unfunded Debt.....	327,345.45	265,638.01	§61,707.44
Other Rent Deductions.....	355,242.83	483,575.02	128,332.19
Total Income Deductions.....	\$21,885,199.28	\$21,375,550.97	\$509,648.31

**NOTES**

\* Additional Rental payable under Contract No. 1, due principally to payment by City of balance due under Contract No. 1.

† Full year's accrual on cost of Lines placed in operation latter part of 1920 and for additional equipment put in operation during the year.

‡ Approximately \$300,000 of this increase due to extending 7% Notes September 1, 1921, @ 8%, balance due to additional equipment placed in operation during the year.

§ Due principally to increased balance of unpaid taxes.

\*\* Extended September 1, 1921, interest accrued @ 8% from that date.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED**  
**JUNE 30th, 1922**

**CHARGEABLE TO CAPITAL ACCOUNT**

**EQUIPMENT UNDER CONTRACT NO. 1:**

Installation of Multiple Unit Car Door Control Device on 982 cars and Station Lighting on account of extension of old subway station platforms .....		\$552,444.26
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**CONTRACT NO. 3:**

Construction .....	\$34,078.19	
Equipment .....	80,428.75	46,350.56
	<hr/>	

**ADDITIONS TO CONTRACT NO. 3:**

Construction .....	\$3,158.46	
Equipment .....	331,860.73	335,019.19
	<hr/>	

**MANHATTAN THIRD TRACKING:**

Plant and Structure.....	\$133,991.36	
Equipment .....	6,294.31	127,697.05
	<hr/>	

**ELEVATED EXTENSIONS:**

Plant and Structure.....	\$69,155.30	
Equipment .....	78,188.33	147,343.63
	<hr/>	

**MANHATTAN POWER PLANT IMPROVEMENTS..... 19,800.03**

**ADDITIONS TO MANHATTAN COMPANY LINES UNDER EXTENSION CERTIFICATE:**

Plant and Structure.....	\$1,491.66	
Equipment .....	3,851.17	2,359.51
	<hr/>	

<b>TOTAL .....</b>		<b>\$1,231,014.23</b>
--------------------	--	-----------------------

NOTE:—The cost of installing Multiple Unit Car Door Control on 982 cars, amounting to \$1,862,981.40 at June 30th, 1922, was originally included as Additional Equipment, Contract No. 3, but is now classified as Equipment under Contract No. 1.

## INTERBOROUGH RAPID TRANSIT COMPANY

### EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1922

#### MANHATTAN RAILWAY DIVISION

PASSENGER CARS:	1922	1921
Motor, closed .....	1,016	1,016
Trailer, closed .....	713	713
Trailer, open .....	8	8
Total .....	<u>1,737</u>	<u>1,737</u>
SERVICE CARS:		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Box, motor, steel.....	2	2
Pay, trailer, closed.....	1	1
Supply, trailer, closed.....	15	15
Tool, trailer, closed.....	1	1
Ticket, trailer, closed.....	2	2
Flat, trailer .....	29	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
Total .....	<u>60</u>	<u>60</u>
Total Manhattan Railway.....	1,797	1,797

#### ELEVATED EXTENSIONS

PASSENGER CARS:		
Motor, composite, closed.....	476	476

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1922**

**SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

PASSENGER CARS:	1922	1921
Motor, steel, closed.....	785	785
Trailer, steel, closed.....	352	352
Total .....	1,137	1,137
SERVICE CARS:		
Pay, motor, closed.....	1	1
Instruction, motor, closed.....	1	1
Observation, motor, closed.....	1	1
Flat, steel, motor.....	7	7
Pay, trailer, closed.....	1	1
Emergency, pump, trailer.....	1	1
Flat, wooden, trailer.....	16	17
Flat, steel, trailer.....	18	18
Hopper, steel, trailer.....	1	1
Dump, steel, trailer.....	2	2
Box, steel, trailer.....	2	2
Refuse, steel, trailer.....	4	4
Total .....	55	56
Total Contracts Nos. 1 and 2.....	1,192	1,193

**SUBWAY DIVISION—CONTRACT NO. 3**

PASSENGER CARS:		
Steel, motor, closed.....	581	581
Steel, trailer, closed.....	217	217
SERVICE CARS:		
Pay, steel, motor.....	1	1
Total .....	799	799
Grand Total .....	4,264	4,265

# VOUNTARY RELIEF DEPARTMENT OPERATIONS

## YEAR ENDED JUNE 30th, 1922

### FINANCIAL STATEMENT

Receipts to June 30, 1921, inclusive..... \$1,190,185.15

#### *Receipts for year ended June 30, 1922.*

Contributions from members.....	\$88,924.85	
Interest on investments and bank balances.....	2,378.94	91,303.79
		\$1,281,488.94
Received from the Company in advance of collection of contributions.....		80,650.26
Total Receipts .....		\$1,362,139.20
Disbursements to June 30, 1921, inclusive.....		\$1,200,490.44

#### *Disbursements for year ended June 30, 1922.*

Accident Benefits paid.....	\$ 3,944.75	
Sickness Benefits paid.....	55,410.50	
Death Benefits paid.....	48,750.00	
Contributions refunded .....	286.01	108,391.26
Total Payments .....		1,308,881.70

#### *Investments.*

\$45,000 Manhattan Railway Company Consolidated Mortgage		
4% Bonds, at cost.....	\$ 43,456.25	
\$10,000 Interborough Rapid Transit Co. First and Refunding		
Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	\$ 53,257.50

### MEMBERSHIP STATEMENT

Membership June 30, 1921.....		6,748
Employees admitted to membership during year ended June 30, 1922.....	1,014	
Loss Account of resignations, dismissals, deaths, etc.....	961	
Net Gain during the year.....		53
Total Membership June 30, 1922.....		6,801

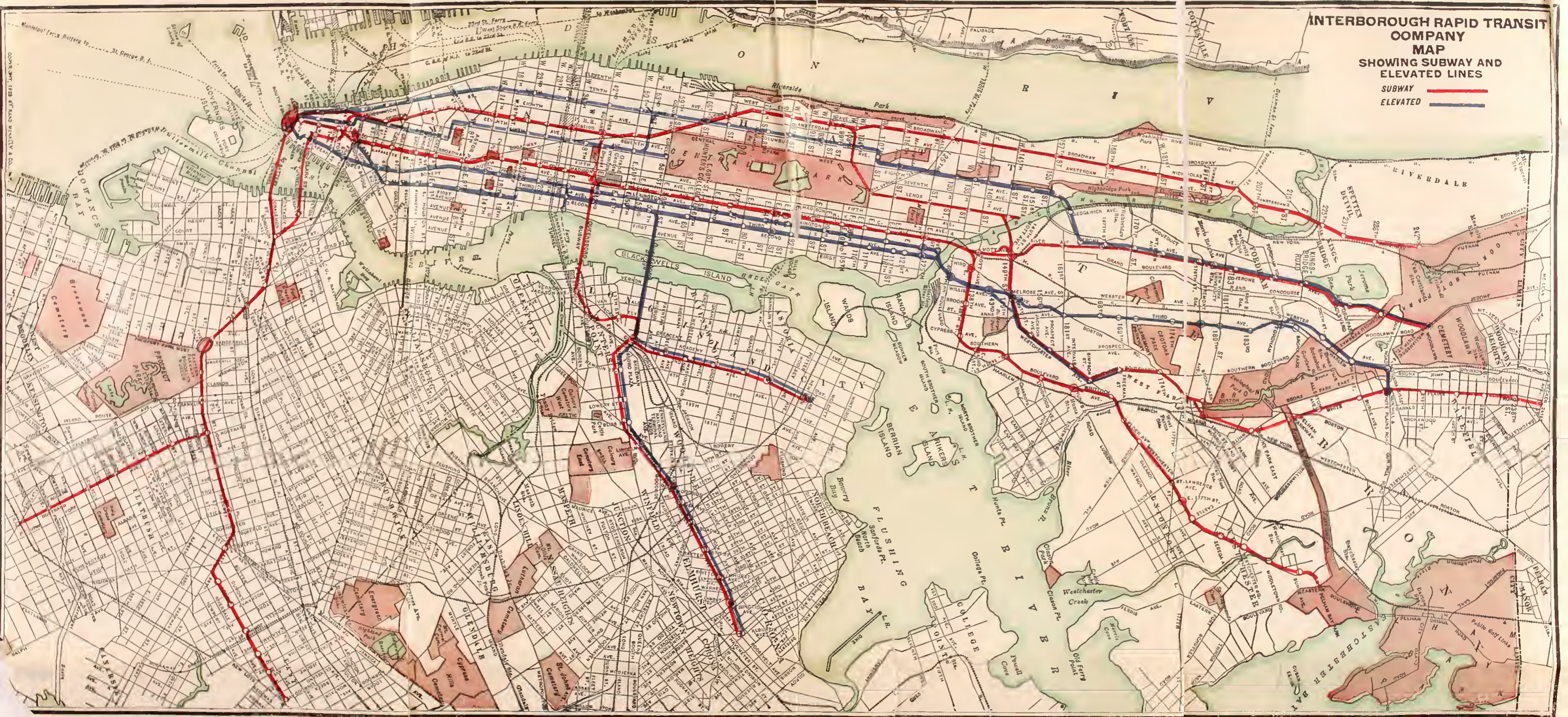
During the year the Medical Examiners have made 5,566 calls on disabled members.

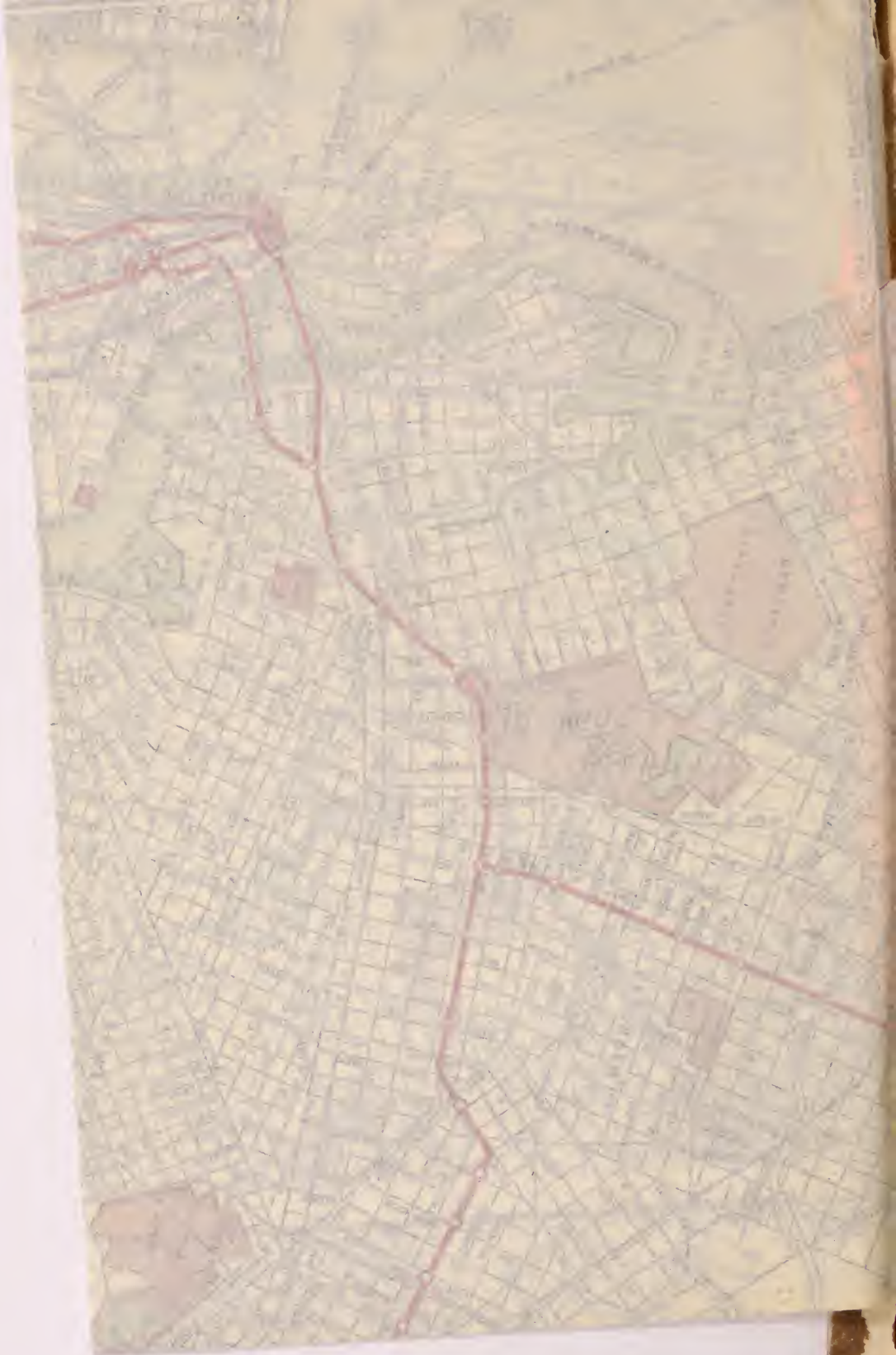




**INTERBOROUGH RAPID TRANSIT  
COMPANY  
MAP  
SHOWING SUBWAY AND  
ELEVATED LINES**

SUBWAY ———  
ELEVATED ———





1922-1923

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1923

PRINT  
JOHN WARD & SON  
NEW YORK



## THOMAS DeWITT CUYLER

The Board of Directors at a meeting held on Wednesday, November 8th, 1922, adopted the following preamble and resolutions in memory of Thomas DeWitt Cuyler, a Director of this Company, who died on November 2d, 1922 :

“WHEREAS, the Chairman stated that it was his painful duty to announce to the Board of Directors the death on November 2nd, 1922 of Thomas De Witt Cuyler, a Director of this Company since September 24th, 1913, and of affiliated companies for approximately the same period; that Mr. Cuyler's commanding position in railroad and industrial affairs, and the rare ability with which he handled difficult situations and harmonized conflicting interests, made his services of inestimable value in the solution of rapid transit problems in this city; that his rare judgment, integrity and eminent fairness were evidenced by the broad responsibilities intrusted to his care in all fields of endeavor, and by the esteem and confidence imposed in him by both capital and labor in all matters affecting social and industrial relations; that he gave unreservedly of his time and effort whenever called upon without thought of personal gain, and that in his death the people of this country as well as the railroad and industrial world had suffered an irreparable loss.

On Motion, duly made by Mr. E. J. Berwind, and seconded by Mr. Grayson M.-P. Murphy, the following resolutions were unanimously adopted :

**RESOLVED**, That the Directors of the Interborough Rapid Transit Company express their deep sorrow and their sense of the great loss to the Company in its corporate affairs, and to themselves in their personal relations, through the death of Thomas De Witt Cuyler, whose uniform courtesy and kindly consideration endeared him to all with whom he came in contact, and tender to his family the assurance of sincere sympathy in their affliction.

**FURTHER RESOLVED** : That the Board records its appreciation of the valuable services rendered to the Company and to the community at large by Mr. Cuyler, and adds its testimony to his high character and personal integrity by which he won the admiration and steadfast adherence of his associates.”

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1923

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
MORTIMER N. BUCKNER .....	New York
CHARLES DAY .....	Philadelphia
HERMAN A. METZ .....	New York
WILLIAM ROBERTS .....	New York

### TERMS EXPIRE 1924

WILLIAM W. NILES .....	New York
THOMAS I. PARKINSON .....	New York
W. LEON PEPPERMAN .....	New York
SAMUEL W. REYBURN .....	New York
F. DE C. SULLIVAN .....	New York
CORNELIUS VANDERBILT .....	New York

### TERMS EXPIRE 1925

ABEL E. BLACKMAR .....	New York
BERTRAM CUTLER .....	New York
FREDERICK H. ECKER .....	New York
FRANK HEDLEY .....	New York
GRAYSON M.-P. MURPHY .....	New York
WILLIAM C. POTTER .....	New York

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
CHARLES DAY .....	Philadelphia
FRANK HEDLEY .....	New York
HERMAN A. METZ .....	New York
GRAYSON M.-P. MURPHY .....	New York
SAMUEL W. REYBURN .....	New York
WILLIAM ROBERTS .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY	
Chairman of Board—MAJOR AUGUST BELMONT,	45 Cedar Street, New York City
Chairman Executive Committee.....	GRAYSON M.-P. MURPHY
President and General Manager.....	FRANK HEDLEY
Vice-President.....	W. LEON PEPPERMAN
Secretary .....	H. M. FISHER
Treasurer .....	W. LEON PEPPERMAN
General Counsel and General Attorney.....	JAS. L. QUACKENBUSH
Auditor .....	E. F. J. GAYNOR
Director Welfare Work.....	H. H. VREELAND
Registrar of First and Rfdg. Mtge. 5% Bonds and 6% and 7% Notes,	SECRETARY'S OFFICE
Transfer Agents .....	OFFICE OF SECRETARY
Annual Stockholders' Meeting.....	Fourth Wednesday in September

### MILEAGE—Revised to June 30, 1923

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.29	85.28
Contract No. 3:								
Atlantic Ave.....	....	0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Brooklyn Line .....	5.68	....	2.37	0.12	3.19	....	1.04	18.90
Corona Line.....	4.21	....	0.30	3.91	....	....	0.28	12.61
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Nostrand Ave. Branch	2.70	....	2.70	....	....	....	0.15	5.55
Pelham Bay Park Line	7.15	....	0.34	6.81	....	....	0.49	21.60
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.20	5.96
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.88	....	0.18	4.37	....	0.33	0.70	15.82
Manhattan Division....	37.67	..	7.28	27.39	2.84	0.16	21.30	130.19
8th Ave. and 162d St. Connection.....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge Line .....	1.35	....	1.35	....	....	....	0.03	2.73
Webster Avenue Line.	1.74	....	0.03	1.71	....	....	0.14	5.33
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	115.28	1.34	32.24	59.18	21.47	1.19	39.17	374.36

Brooklyn Line extended from Pennsylvania Avenue to New Lots Avenue, October 16, 1922, increasing track mileage 1.24.

Crossover at Jackson Avenue, Queensboro Subway Line, removed in November, 1922, reducing track mileage 0.02.

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, November 15, 1923.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1923.

The comparative income account for the years ended June 30, 1923 and 1922, is:

#### Comparative Statement of Income Account

YEAR ENDED JUNE 30TH	1923	1922	Increase Decrease
Gross Operating Revenue.....	\$55,559,435.90	\$53,540,859.25	\$2,018,576.65
Operating Expenses.....	34,392,508.78	32,272,508.98	2,119,999.80
Net Operating Revenue.....	\$21,166,927.12	\$21,268,350.27	\$101,423.15
Taxes.....	2,662,310.55	2,802,823.72	140,513.17
Income from Operation.....	\$18,504,616.57	\$18,465,526.55	\$39,090.02
Non-Operating Income.....	573,850.25	652,875.26	79,025.01
Gross Income.....	\$19,078,466.82	\$19,118,401.81	\$39,934.99
Income Deductions.....	19,210,261.68	21,885,199.28	2,674,937.60
Net Corporate Income for the Year..	\$131,794.86	\$2,766,797.47	\$2,635,002.61
Add:			
*Surplus, June 30th, 1922 and June 30th, 1921.....	\$524,866.48	\$2,242,878.48	\$2,767,744.96
Other Credits, Net.....	145,638.03	19,343.21	126,294.82
Totals.....	\$511,023.31	\$504,575.78	\$6,447.53
Appropriated for:			
Miscellaneous Charges.....	\$13,759.73	\$20,290.70	\$6,530.97
Total Appropriations.....	\$13,759.73	\$20,290.70	\$6,530.97
*Profit and Loss.....	\$524,783.04	\$524,866.48	\$83.44

\*Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings.

## Statement of Operations for the Year Ended June 30th, 1923

Gross Operating Revenue.....	\$55,559,435.90
Operating Expenses.....	34,392,508.78
Net Operating Revenue.....	\$21,166,927.12
Taxes.....	2,662,310.55
Income from Operation.....	\$18,504,616.57
Non-Operating Income.....	573,850.25
Gross Income.....	\$19,078,466.82
Interest and Sinking Fund on City Bonds.....	\$2,584,034.93
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	8,032,090.34
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds.....	2,136,051.31
*Interest on Ten-Year 7% Notes.....	2,303,075.97
Interest on Ten-Year 6% Notes.....	65,145.63
Interest on Equipment Trust Certificates, Series "A".....	389.66
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,320.00
Interest on Manhattan Railway Second Mortgage 4% Bonds	180,920.00
Manhattan Railway Rental (Organization).....	50,000.00
Dividend Rental on Manhattan Railway Co. Capital Stock..	1,710,000.00
Interest on Unfunded Debt.....	175,900.93
Other Rent Deductions.....	295,652.89
Interest on Investment of Depreciation Reserve.....	48,800.00
Amortization of Debt Discount and Expense on Manhattan Railway Second Mortgage 4% Bonds.....	880.02
Total Income Deductions.....	19,210,261.68
Net Corporate Income.....	\$ 131,794.86
Accruals under Contract No. 3 and Related Certificates.....	8,071,619.74
Balance.....	\$ 7,939,824.88
Per Cent. Expenses to Earnings.....	61.90
Passengers Carried.....	†1,025,175,131

†Includes 155,786 half-fare (2½c.) Passengers—School Children, during New York City Jubilee June 4th to June 22nd, 1923.

\*Includes interest on Three-Year 7% Notes from July 1st to September 1st, 1923.

### Operating Revenue

Gross Operating Revenue for the year ended June 30th, 1923, was \$55,559,435.90 as compared with \$53,540,859.25 last year, a gain of \$2,018,576.65, or 3.77%, the result of a gain on the Subway Division of \$1,701,417.59, or 4.91%, and a gain on the Manhattan Railway Division of \$317,159.06, or 1.68%.

The gain in the revenue from the transportation of passengers being \$1,577,759.10, and the increase in the Other Street Railway Operating Revenue (principally from the sale of power) \$440,817.55.

### **Operating Expenses**

Operating Expenses were \$34,392,508.78 as compared with \$32,272,508.98 last year, an increase of \$2,119,999.80, or 6.57%, of which \$1,590,714.69 or 7.81%, was on the Subway Division and \$529,285.11, or 4.44%, on the Manhattan Division, the increase being due substantially to cost of additional train service and an increase in the cost of coal, reduced by the savings in labor by use of multiple unit door control on Subway cars and of automatic turnstiles on stations.

### **Net Operating Revenue**

The Net Operating Revenue was \$21,166,927.12 as compared with \$21,268,350.27 last year, a decrease of \$101,423.15, or 0.47%, the result of a gain on the Subway Division of \$110,702.90, or 0.77%, and a loss on the Manhattan Railway Division of \$212,126.05, or 3.03%.

### **Taxes**

The total amount of taxes was \$2,662,310.55 as compared with \$2,802,823.72 last year, a decrease of \$140,513.17, or 5.01%; Subway Division shows an increase of \$3,716.24, or 0.83%, while the Manhattan Railway Division shows a decrease of \$144,229.41, or 6.12%.

### **Income from Operation**

Income from Operation was \$18,504,616.57 as compared with \$18,465,526.55 last year, or an increase of \$39,090.02, or 0.21%, the result of a gain on the Subway Division of \$106,986.66, or 0.77%, and a loss on the Manhattan Railway Division of \$67,896.64, or 1.46%.

### **Non-Operating Income**

Non-Operating Income was \$573,850.25 as against \$652,875.26 last year, a decrease of \$79,025.01, or 12.10%, the result of a decrease on the Subway Division of \$88,708.32, or 15.25%, and an increase on the Manhattan Railway Division of \$9,683.31 or 13.60%.

### **Gross Income**

Gross Income was \$19,078,466.82 as compared with \$19,118,401.81 last year, a decrease of \$39,934.99, or 0.21%, the result of a gain on the Subway Division of \$18,278.34, or 0.12%, and a loss on the Manhattan Railway Division of \$58,213.33, or 1.24%.

### **Income Deductions**

Income Deductions were \$19,210,261.68 as compared with \$21,885,199.28 last year, a decrease of \$2,674,937.60, or 12.22%, the details of which are set out on Page No. 20.

### **Traffic**

The number of passengers carried was 1,025,175,131 compared with 993,492,690 last year, an increase of 31,682,441, or 3.19%, the result of a gain on the Subway Division of 31,674,957, or 4.91%, and a gain on the Manhattan Railway Division of 7,484.

The traffic on the Subway Division reflects the continued increase in the number of people occupying buildings and apartments contiguous to the new and old Subway Lines. The Manhattan Railway Division shows a small increase compared with a very substantial decrease in the previous year and indicates that the falling off in the Elevated travel has terminated.

### **Maintenance**

\$9,305,846.29 was spent during the year for maintaining the structure, roadway, power houses, electrical equipment and rolling stock in good operating condition. This sum included the renewal of rails on 2.38 miles of single track and 18,035 ties on the Manhattan Division. Also 23.05 miles of single track and 14,602 ties on the Subway Division. It also includes an expenditure for maintenance of cars and electrical equipment of cars to the amount of \$841,030.47 over the amount spent for similar purposes during 1922.

### **Additions and Betterments**

\$4,086,621.59 was spent during the past year for Additions and Betterments to the property. This sum includes the Company's contribution towards new construction and equipment under Contract No. 3 and the related certificates and expenditures in the acquisition of 100 new Subway steel trailer cars under Equipment Trust Series "A".

# INTERBOROUGH RAPID TRANSIT COMPANY

## FINANCIAL

	1923	1922
Capital Stock.....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds, dated January 1st, 1913, due January 1st, 1966.....	162,106,000	162,106,000
Ten-Year Secured Convertible 7% Notes, dated September 1st, 1922.....	33,658,110	.....
Three-Year Secured Convertible 7% Gold Notes, dated September 1st, 1918.....	*756,000	38,144,400
Ten-Year 6% Notes, dated October 1st, 1922.....	10,500,000	.....
Equipment Trust Certificates, Series "A,".....	1,400,000	.....
Extended 6 Months 7% Secured Notes, dated December 31st, 1919.....	.....	553,050
Totals.....	\$243,420,110	\$235,803,450

The First and Refunding 5% Gold Bonds dated January 1st, 1913, and the 7% Gold Notes dated September 1st, 1922, and 6% Gold Notes, dated October 1st, 1922, above referred to, were issued for the following purposes:

	5% Bonds	7% Notes	6% Notes
To provide funds for Subway Construction and Equipment under Contract No. 3, dated March 19th, 1913.....	\$79,961,463	\$17,778,110	\$8,622,448
To provide funds for Elevated Third Tracking under certificate dated March 19th, 1913.....	12,025,666	10,735,730	1,269,325
To provide funds for Elevated Extensions under certificate dated March 19th, 1913	14,191,237	2,499,066	295,474
To provide funds for the Manhattan Division Power Plant Improvements.....	3,312,634	2,645,204	312,753
For the refunding of \$15,000,000 Notes, due May 1st, 1913, and Forty-five Year Mortgage, 5% Gold Bonds, dated November 1st, 1913.....	52,615,000	.....	.....
	<u>\$162,106,000</u>	<u>\$33,658,110</u>	<u>\$10,500,000</u>

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

*Extended September 1st, 1921 @ 8%.....	\$711,400
Not Extended.....	44,600
	<u>\$756,000</u>

NOTE.—The Equipment Trust Certificates, were issued in connection with acquisition of 100 New Steel Trailer Cars for the Subway.

The increase in revenue from transportation for the year ended June 30, 1923 was \$1,577,759.10, and the increase in other Railway Operating Revenue was \$440,817.55, making a total increase in operating revenue for 1923 over 1922 of \$2,018,576.65.

Operating expenses increased \$2,119,999.80. Of this amount there was an increase of \$333,643.26 in Maintenance of Way, Structures and Equipment, \$1,483,292.19 in Traffic and Transportation Expenses, and \$303,064.35 in General Expenses. Of the increase in Transportation and Traffic Expenses the sum of \$1,343,622.44 was in the item of "Fuel for Power," reflecting the high cost of fuel during the year as well as the additional coal required to operate the increased car mileage and to supply an increased amount of power sold to outside companies and the variation in the quality of coal from the standard quality usually furnished to the Company's Power Stations. Of the \$303,064.35 increase in General Expenses \$38,872.90 was in Store Expenses, \$220,329.89 was for Accidents and Damages and Legal Expenses in connection therewith, and \$43,305.37 in General Law Expenses. The increase in General Law Expenses was due to the readjustment plan and the increase in connection with accidents was due to the liquidation last year of liability for previous years when the cash position of the company compelled postponement of liquidation.

Expenditures for Maintenance and Improvements during the past year were unusually large. Considerable replacing and reinforcing work, together with other miscellaneous repairs and improvements was performed on the elevated structure, always keeping it up to the standard required for safe and economical operation. Temporary facilities at the 161st Street Station of the Lexington Avenue Line to accommodate traffic to and from the American League Baseball Park are being followed by permanent construction to increase the convenience to passengers and the capacity of that station. An extension of 15 feet to both sides of the express platform at the northerly end of the Pennsylvania Station is being constructed, and the Jackson Avenue Station of the Queensboro Line is also being lengthened. An additional pipe line with fire hose attachments and City water main connections is being installed in the Clark Street tunnel from Wall Street to Borough Hall Station, as an extra precaution against fire hazard. The 168th Street Station of the Broadway-Seventh Avenue Line is being equipped with additional elevators and new entrance on west side of Broadway as a means of increasing the convenience to passengers and its capacity, and escalators are being installed at Park Place and Borough Hall Stations

of the Broadway-Seventh Avenue Line for the same purpose. Additional automatic signals and track circuits have been installed at the Grand Central Station for the purpose of decreasing the headway of trains through that congested center. Additional stairways and emergency exits are also being installed at various points for the accommodation and safety of passengers.

The increase in service which has been added to the Company's schedule during the year made necessary large improvements and additions to our Power House equipment. These have either been made or are under way, and will be completed in time for the heavy winter traffic. An additional 1,000 gallon per minute, turbine driven boiler feed pump was installed in the 59th Street Power House to take care of the increased load imposed upon that power station. An additional stack and two new 1,200 horsepower boilers together with the necessary stokers, superheaters, forced and induced draft fans, furnaces, ash hoppers, etc., are also being installed in this Power Station. This installation is necessary in order to provide additional boiler capacity to meet the additional load imposed as a result of placing one hundred new Subway cars in operation during the coming winter.

Important improvements in the art of turbine design have shown that a much higher degree of safety of operation would be assured if certain of the wheels of the three 30,000 Kw. turbines at the 59th Street Power Station were replaced by wheels of improved design. These replacements are now being made to secure added safety of operation and the consequent greater assurance of continuous operation of the turbines. In addition the original diaphragms are being replaced by new and improved diaphragms for the purpose of securing a higher operating efficiency of the turbines; 635 feet of 30-inch conveyor belting was renewed, one set of reduction gears on No. 3 turbine exciter was renewed, and the larger part of the work of replacing the worn reduction gears of the circulating water pumps for the 30,000 Kw. turbo-generator units and of repairing the turbines driving the pumps, has been completed. The rotor of one of the 30,000 Kw. generators was balanced and the end turns of the field coils were enclosed in aluminum saddles.

At the 74th Street Power Station an extensive overhauling of the 60,000 Kw. three element turbine unit is being undertaken to assure the continuity of the operation of this unit. Part of the blading in each of the low pressure elements of this unit is being replaced to guard against possible breakdown of this blading as a result of the crystallization of the metal that was taking place.

The greater part of the work of dismantling, trucking and re-installing 6—1,500 Kw. and 3—4,000 Kw. rotary converters and their complementary transformers from certain Manhattan and Subway Sub-stations to other Subway Sub-stations has been completed. This relocation of converters and transformers was made necessary as a result of the redistribution of load that will be brought about by the operation of 100 additional Subway cars.

The 100 new Subway trailer cars have been received; 18 have been equipped and placed in operation and the remainder will be placed in operation for the fall service.

The installation of Multiple Unit Car Door Control has been extended to include an additional 414 Subway cars, which work was completed June 30th, thus making a total of 1,396 Subway cars operating with this new type of safety device. Improvements are being introduced which will further increase economies in operation. Contracts have been let for the manufacture of Multiple Unit Car Door Control apparatus for 465 Elevated cars, which work should be completed early in 1924. Multiple Unit Car Door Control, while new and originating with this Company, has now been in service a sufficient length of time to demonstrate the value of its economy and safe operation.

The Subway and Elevated stations are now equipped with coin-operated safety gates, and this novel type of apparatus has exceeded expectations, for it has pleased the public from the very beginning, which is somewhat unusual in the operation of new devices. The installation of the slug detecting device has been completed and has practically eliminated the small loss during initial operation. The original estimates of economy for the coin-operated safety gates are now more than realized.

In the early part of the Spring the matter of improving the service on the Manhattan Elevated Lines was taken up with a view to making it more convenient and attractive as a means of securing increased traffic on these lines and relieving so far as possible the congestion in the Subways. By reason of the financial condition of the Company in the past we were unable to maintain an attractive general appearance of the elevated stations and rolling stock, but after the adoption of the readjustment plan it was believed that the Company was in a position to remedy these conditions. Funds were therefore appropriated for painting the rolling stock and stations, as a visible indication of the Company's intention to furnish improved service. The exterior of the cars is being painted orange, the interior mahogany finish and the ceilings enameled white, and the station painting is being made to harmonize with the rolling stock.

As a further means of making this improved service attractive to the public new schedules were put into effect calling for an increase of 428 trains per day, distributed between local and express service, thus giving a more frequent service on all divisions and adding greatly to the convenience of the traveling public. These changes involved an expenditure of over two million dollars and added very considerably to the operating expenses, but the response was instantaneous and has encouraged the management to continue the service and to make additional improvements from time to time as opportunity offers.

Mr. Grayson M.-P. Murphy, Chairman of the Executive Committee, in detailing what was accomplished under the Readjustment Plan, stated that it was the aim of the new Board of Directors to give the best service it possibly could and to do all in its power to co-operate with and assist the authorities to provide adequate rapid transit facilities for New York City. The Company's ability to render this assistance is strengthened by the elimination, through the recent readjustment, of all outside connections, such as the Interborough-Consolidated Corporation and the New York Railways system and by taking steps to liquidate, through a receivership, its investments in the surface railways in Queens, which lines have heretofore been a constant drain on its resources. The Manhattan guaranteed seven percent. rental has also been readjusted and reduced to a basis whereby it is only paid if earned and at rates ranging from three to seven percent. as warranted by the earnings. Through the same readjustment \$10,500,000 was provided by the present security holders, part of which was used to pay off extended 7% notes and the balance reserved for other capital expenditures.

This is part of the preparation which the Company is making to place its finances and organization in shape to take care of the regular increase in travel by reason of the growth in population. The total number of passengers carried by City lines in 1872 was 138,722,196, while in 1922 the number had increased to 2,596,100,410. As an illustration of the rapid growth of travel following the opening of new lines, the Queensboro Subway furnishes an excellent example. This Subway was opened in June 1915 and the travel for the first full fiscal year was 3,093,594, whereas for the fiscal year ended June 30th, 1923, the Interborough traffic had grown to 24,679,818, or an increase of 700%.

The Interborough Rapid Transit Company appreciates keenly the discomforts of present traveling and is doing everything it can to overcome them. New equipment is being installed and large expenditures are being made for signals and other safeguards in an effort to shorten

the headway of trains. Mechanical devices intended to accelerate the movement of trains and quicken their passage through the stations are being devised and installed and steps have been taken to equalize the traffic over the different lines so as to relieve some of the severely congested sections in the Subway, but in the end decided and permanent relief can only be obtained through the construction of additional subways.

Our contracts with the City establish a relation intended to create co-operation in the solution of rapid transit problems. There is a joint responsibility which can only be fulfilled to the best advantage by the active and friendly action of both parties. It is extremely difficult under the most favorable circumstances, with conditions as they exist today, to meet the demands of the service in an efficient manner, and the only way the situation can be improved is by all parties working together for the public good.

This Company stands in the position of a Trustee of the City's property, operating it in the interest of its citizens. As such Trustee it is also charged with the duty of making such constructive suggestions as its experience leads it to believe will, in the most economical manner, add to the facilities at its command to handle the ever increasing tide of travel. These suggestions are made with a sincere desire to be of service to the community and to supply the kind of transportation contemplated by our present contract. We have shown by the drastic steps recently taken in the readjustment of our affairs that we are anxious to render the full measure of service expected of us and for this purpose our experience and whatever ability we may possess is at the disposal of the public authorities.

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The management makes due acknowledgment to its officers and employes for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

FRANK HEDLEY,  
President and General Manager.

COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1922 AND 1923.

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Interest on 10-Year 6% Notes....	2,545.50	62,600.13	65,145.63			65,145.63
Interest on Equipment Trust Certificates.....		389.66	389.66			389.66
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	1,627,320.00		1,627,320.00	1,627,320.00	1,627,320.00	
Interest on Manhattan Railway Second Mortgage 4% Bonds....	180,920.00		180,920.00	180,920.00	180,920.00	
Manhattan Railway Rental (Organization).....	50,000.00		50,000.00	35,000.00	35,000.00	15,000.00
†Dividend Rental on Manhattan Railway Company Capital Stock	†1,710,000.00		†1,710,000.00	4,200,000.00	4,200,000.00	2,490,000.00
Amortization of Debt Discount and Expense.....	880.02		880.02	839.57	839.57	40.45
Interest on Investment of Depreciation Reserve.....		48,800.00	48,800.00		48,800.00	
Interest on Unfunded Debt.....	105,586.61	70,314.32	175,900.93	215,487.67	111,857.78	151,444.52
Other Rent Deductions.....	268,413.86	27,239.03	295,652.89	336,790.58	18,452.25	59,589.94
Total Income Deductions.....	\$6,782,003.62	\$12,428,258.06	\$19,210,261.68	\$9,484,952.10	\$12,400,247.18	\$21,885,199.28
Net Corporate Income.....	<u>\$2,134,049.68</u>	<u>\$2,002,854.82</u>	<u>\$131,794.86</u>	<u>\$1,779,384.83</u>	<u>\$2,012,587.36</u>	<u>\$2,766,797.47</u>
Accruals under Contract No. 3 and Related Certificates.....	\$6,052,781.56	\$2,018,838.18	\$8,071,619.74	\$8,312,058.67	\$1,926,430.69	\$10,238,489.36
Balance.....	<u>\$3,918,131.88</u>	<u>\$4,021,693.00</u>	<u>\$7,939,824.88</u>	<u>\$3,532,673.84</u>	<u>\$3,939,018.05</u>	<u>\$7,471,691.89</u>
Per Cent. Expenses to Earnings:						
Excluding Taxes.....	64.73	60.41	61.90	63.01	58.78	60.27
Including Taxes.....	76.23	61.65	66.69	75.48	60.07	65.51
Passengers Carried.....	348,524,700	676,650,431	*1,025,175,131	348,517,216	644,975,474	993,492,690
Daily Average Passengers Carried	954,862	1,853,837	2,808,699	954,842	1,767,056	2,721,898
						31,682,441
						86,801

\*Includes 153,796 half fare (2½c) passengers—school children—carried during New York City Jubilee, June 4th—22nd, 1923.

†Amount determined in accordance with formulae contained in the Plan of Readjustment and Agreement with Manhattan Railway Company and its stockholders.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1923

## ASSETS

FIXED CAPITAL.....	\$207,709,199.65
*INVESTMENTS.....	21,528,897.98
BANKERS TRUST COMPANY, TRUSTEE UNDER COL- LATERAL INDENTURES, DATED SEPTEMBER 1st AND 2nd, 1918 AND SEPTEMBER 1st, 1922.....	59,603,186.02
I. R. T. CO. FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS—REACQUIRED.....	464,000.00
*DUE FROM ASSOCIATED COMPANIES.....	8,077,963.07
CURRENT ASSETS.....	12,102,204.60
Cash.....	\$2,284,240.31
U. S. Certificates of Indebtedness.....	2,100,000.00
Purchase of Scrip Certificates for arrears of Dividend Rentals on Stock of Manhattan Railway Company.....	188,249.25
Accounts Receivable.....	733,276.84
Interest and Dividends Receivable.....	109,210.83
Material and Supplies.....	2,743,902.03
Special Deposits:	
To meet interest on First and Refunding Mortgage 5% Bonds, payable July 1st, 1923.....	3,335,200.20
To meet Coupons due not presented.....	163,030.27
To meet Uncollected Dividend Rentals on Man- hattan Railway Company Capital Stock.....	129.50
To meet Dividend Rentals due July 1st, 1923 on Manhattan Railway Company, Capital Stock..	331,819.80
Guaranty Trust Company, Trustee, First and Refunding Mortgage.....	27,460.29
Bankers Trust Company Depositary to meet 10% on Outstanding Three-Year 7% Notes.....	84,110.00
Other Special Deposits.....	1,575.28
ACCRUALS, CONTRACT NO. 3 AND CERTIFICATES, PAYABLE FROM FUTURE EARNINGS (see Contra.).....	48,017,801.30
CONSTRUCTION AND EQUIPMENT FUNDS.....	7,077,341.34
Due from General Cash a/c Construction Expenditures.....	6,564.09
Subway Contribution Cash.....	118,764.42
Manhattan Third Tracking Cash.....	187,696.54
Real Estate Mortgage—Elevated Extensions.....	132,980.00
Elevated Extensions Cash.....	73,529.67
Manhattan Power House Cash.....	160,933.56
Accrued Interest.....	95,995.56
U. S. Certificates of Indebtedness and Liberty Bonds on account of Contract No. 3 and Certificates.....	6,299,437.50
Syndicate Managers under Syndicate Agreement, May 1st, 1922.....	1,440.00
NEW YORK TRUST CO., TRUSTEE, EQUIPMENT TRUST SERIES "A".....	1,021,125.00
PREPAYMENTS.....	261,918.95
Insurance.....	\$245,935.52
Taxes.....	4,167.04
Rents, etc.....	11,816.39
SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....	53,257.50
DEFERRED CHARGES.....	10,004,592.25
Unamortized Debt, Discount and Expense.	
PROFIT AND LOSS, DEFICIT.....	524,783.04
TOTAL.....	\$376,446,270.70

\*Several of the items included above in "Investments" and "Due from Associated Companies" are in course of liquidation and will probably realize a comparatively small sum. When their value shall be definitely ascertained and items of a similar character shall have been revalued in accordance with existing conditions, the balance sheet will be recast and there will be entered upon the books the full asset value of Contract No. 3, the subway lease, including the appraised present worth of the subway preferentials when earned. This value has not been set forth heretofore in full but it is now being appraised. It is believed that the additional value of the lease when finally determined will be in excess of the shrinkage in the other assets.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET, JUNE 30, 1923

## LIABILITIES

CAPITAL STOCK.....	\$35,000,000.00
FUNDED DEBT.....	162,106,000.00
First and Refunding Mortgage 5% Gold Bonds.....	
THREE-YEAR SECURED CONVERTIBLE 7% GOLD NOTES	
DATED SEPTEMBER 1st, 1918.....	756,000.00
Extended @ 8%.....	\$711,400.00
Not Extended.....	44,600.00
TEN-YEAR SECURED CONVERTIBLE 7% GOLD NOTES,	
DATED SEPTEMBER 1st, 1922.....	33,658,110.00
TEN-YEAR 6% GOLD NOTES, DATED OCTOBER 1ST, 1922..	10,500,000.00
EQUIPMENT TRUST CERTIFICATES, SERIES "A".....	1,400,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS	
PLEDGED AS COLLATERAL TO THREE-YEAR 7% GOLD	
NOTES, DATED SEPTEMBER 1st, 1918 AND TEN-YEAR	
7% GOLD NOTES, DATED SEPTEMBER 1st, 1922.....	59,602,000.00
FIRST AND REFUNDING MORTGAGE 5% GOLD BONDS RE-	
LEASED BY BANKERS TRUST COMPANY.....	464,000.00
MANHATTAN RAILWAY COMPANY LEASE ACCOUNT.....	377,322.73
LOAN FROM RAPID TRANSIT SUBWAY CONSTRUCTION	
COMPANY, ACCOUNT SARATOGA AWARD.....	1,954,318.00
CURRENT LIABILITIES.....	21,307,660.68
Interest due July 1st, 1923, on First and Refunding	
Mortgage 5% Gold Bonds.....	\$4,052,650.00
Dividend Rentals on Manhattan Railway Company	
Capital Stock, due July 1st, 1923, account prior	
uncollected dividend rentals.....	628,688.75
Scrip Certificates for arrears of Dividend Rentals on	
Stock of Manhattan Railway Company.....	2,968,413.00
Interest and Rentals Accrued, not due.....	2,745,359.68
Coupons due, not presented.....	163,030.27
Due for Wages.....	501,237.19
Accounts Payable.....	1,703,687.12
Taxes Accrued.....	3,001,894.67
Sinking Fund on 5% Bonds.....	\$13,100,859.43
Less amount deposited.....	7,558,159.43
	\$5,542,700.00
RESERVES.....	1,214,386.77
Accrued Amortization of Capital.....	\$1,114,515.01
Manhattan Railway Equipment Reserve.....	258,991.52
Interest on Investment of Depreciation Reserve.....	375,271.46
Manhattan Railway Company 2nd Mortgage Bond	
Discount and Expense Amortization.....	5,523.66
Depreciation Reserve under Contract No. 3.....	2,665,666.59
Manhattan Railway Company Capital Account.....	216,833.90
Equipment Reserve, Manhattan Railway Division.....	8,465.00
Equipment Reserve, Subway Division.....	14,673.72
	\$4,659,940.86
Less Debit Balance:	
Depreciation Reserve under Elevated Extension	
Certificate.....	2,344,260.44
	\$2,315,680.42
Less Investments on account of Reserves:	
I. R. T. Co. First and Refunding	
Mortgage 5% Bonds for Depre-	
ciation Fund.....	\$879,767.50
Manhattan Railway Company 4%	
Bonds for Amortization Fund...	4,692.25
Special Deposit, Manhattan Railway	
Company, Construction Cash...	216,833.90
	1,101,293.65
ITEMS AWAITING DISTRIBUTION.....	88,671.22
DEFERRED PROFIT AND LOSS CREDITS (See Contra).....	48,017,801.30
Accruals under Contract No. 3 and Related Certificates.	
TOTAL.....	\$376,446,270.70

\*Under the plan of Readjustment of May 1st, 1922, payments of the Sinking Fund installments due from July 1st, 1921 to and including January 1st, 1926, are postponed.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED**  
**JUNE 30th, 1923 AND 1922**

<i>Description</i>	1923	1922	<i>Increase Decrease</i>
Interest and Sinking Fund on City Bonds.....	\$2,584,034.93	\$2,482,633.04	\$ 101,401.89 (1)
Interest on First and Refunding Mortgage 5% Gold Bonds.....	8,032,090.34	8,022,325.70	9,764.64 (2)
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds.....	2,136,051.31	2,103,339.79	32,711.52 (2)
Interest on 7% Notes.....	2,303,075.97	2,501,432.90	198,356.93 (3)
Interest on Ten-Year 6% Notes.....	65,145.63	.....	65,145.63 (3)
Interest on Equipment Trust Certificates, Series "A".....	389.66	.....	389.66
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds.....	1,627,320.00	1,627,320.00	
Interest on Manhattan Railway 2nd Mortgage 4% Bonds .....	180,920.00	180,920.00	
Manhattan Railway Rental (Organization).....	50,000.00	35,000.00	15,000.00 (4)
Dividend Rental on Manhattan Railway Company Capital Stock.....	1,710,000.00	4,200,000.00	2,490,000.00 (5)
Amortization of Debt Discount and Expense.....	880.02	839.57	40.45
Interest on Investment of Depreciation Reserve.....	48,800.00	48,800.00	
Interest on Unfunded Debt.....	175,900.93	327,345.45	151,444.52 (6)
Other Rent Deductions.....	295,652.89	355,242.83	59,589.94
Total Income Deductions.....	<u>\$19,210,261.68</u>	<u>\$21,885,199.28</u>	<u>\$2,674,937.60</u>

NOTES

(1) Additional Rental payable under Contract No. 1, due principally to payment by City of Saratoga Award.

(2) Due to additional equipment placed in operation during the year.

(3) Decrease due principally to refunding of 8% Notes with 7% and 6% Notes—\$237,000, and increase due to additional equipment placed in operation during the year \$104,000—resulting in a net decrease of \$133,000.

(4) Due to increase in cash rental to Manhattan Railway Company, under Plan of Readjustment dated May 1st, 1922.

(5) Due to reduction in rate of Dividend Rentals on Manhattan Railway Co. Capital Stock under Plan of Readjustment dated May 1st, 1922.

(6) Due to reduced balance of unpaid taxes.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ADDITIONS AND BETTERMENTS FOR THE YEAR ENDED JUNE 30TH, 1923

### CHARGEABLE TO CAPITAL ACCOUNT

#### EQUIPMENT UNDER CONTRACT NO. 1:

##### Expenditures:

Additional Tools and Machinery Sub-stations, Remote  
Control Circuit Breakers at ends of all under-  
ground feeders.

600 feet Safety Zones between Sub-stations, Installa-  
tion of Multiple Unit Car Door Control Device  
on 982 Contracts 1 and 2 Cars.

Total Expenditures..... \$171,292.07

##### Credit:

For Net withdrawal from capital for Sub-station No.  
11, acquired by the City under condemnation  
proceedings.....

51,796.14

Net Charge..... \$119,495.93

#### CONTRACT NO. 3:

Construction..... \$784,890.24

Equipment..... 1,602,452.82 817,562.58

#### ADDITIONS TO CONTRACT NO. 3:

Construction..... \$10,625.64

Equipment..... 1,486,976.56 1,497,602.20

#### MANHATTAN THIRD TRACKING:

Plant and Structure..... \$217,034.99

Equipment..... 3,836.09 220,871.08

#### ELEVATED EXTENSIONS:

Plant and Structure..... \$55,822.01

Equipment..... 58,406.42 114,228.43

MANHATTAN POWER PLANT IMPROVEMENTS..... 101,915.16

#### ADDITIONS TO MANHATTAN COMPANY LINES UNDER EX- TENSION CERTIFICATES:

Plant and Structure..... \$303,359.04

Equipment..... 21,536.33 324,895.37

TOTAL..... \$3,196,570.75

100 Subway Steel Trailer Cars, Equipment Trust Series "A"..... 890,050.84

GRAND TOTAL ..... \$4,086,621.59

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1923**

**MANHATTAN RAILWAY DIVISION**

PASSENGER CARS:	1923	1922
Motor, closed .....	1,016	1,016
Trailer, closed .....	713	713
Trailer, open .....	8	8
Total .....	<u>1,737</u>	<u>1,737</u>
SERVICE CARS:		
Pay, motor, closed .....	1	1
Instruction, motor, closed .....	1	1
Box, motor, steel .....	2	2
Pay, trailer, closed .....	1	1
Supply, trailer, closed .....	15	15
Tool, trailer, closed .....	1	1
Ticket, trailer, closed .....	2	2
Flat, trailer .....	29	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
Total .....	<u>60</u>	<u>60</u>
Total Manhattan Railway .....	1,797	1,797

PASSENGER CARS:		
Motor, composite, closed .....	476	476

**SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

PASSENGER CARS:		
Motor, steel, closed .....	785	785
Trailer, steel, closed .....	352	352
Total .....	<u>1,137</u>	<u>1,137</u>
SERVICE CARS:		
Pay, motor, closed .....	1	1
Instruction, motor, closed .....	1	1
Observation, motor, closed .....	1	1
Flat, steel, motor .....	7	7
Pay, trailer, closed .....	1	1
Emergency, pump, trailer .....	1	1
Flat, wooden, trailer .....	15	16
Flat, steel, trailer .....	18	18
Hopper, steel, trailer .....	1	1
Dump, steel, trailer .....	2	2
Box, steel, trailer .....	2	2
Refuse, steel, trailer .....	4	4
Total .....	<u>54</u>	<u>55</u>
Total Contracts Nos. 1 and 2 .....	1,191	1,192

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1923**

**SUBWAY DIVISION—CONTRACT NO. 3**

PASSENGER CARS:	1923	1922
Motor, steel, closed .....	581	581
Trailer, steel, closed .....	217	217
Total .....	<u>798</u>	<u>798</u>
SERVICE CARS:		
Pay, steel, motor .....	1	1
Total Contract No. 3 .....	<u>799</u>	<u>799</u>

**SUBWAY DIVISION—LEASED FROM N. Y. TRUST CO.**

Trailer, steel, closed .....	18	
Grand Total .....	<u>4,281</u>	<u>4,264</u>

**VOLUNTARY RELIEF DEPARTMENT OPERATIONS**  
**YEAR ENDED JUNE 30, 1923**

**FINANCIAL STATEMENT**

Receipts to June 30, 1922, inclusive.....	\$1,281,488.94	
<i>Receipts for year ended June 30, 1923.</i>		
Contributions from members.....	\$88,855.94	
Interest on investments and bank balances.....	2,397.66	91,253.60
		<u>\$1,372,742.54</u>
Received from the Company in advance of collection of contributions.....		91,384.40
Total Receipts .....		<u>\$1,464,126.94</u>
Disbursements to June 30, 1922, inclusive .....	\$1,308,881.70	
<i>Disbursements for year ended June 30, 1923.</i>		
Accident Benefits paid .....	\$ 5,106.75	
Sickness Benefits paid .....	58,753.50	
Death Benefits paid .....	37,615.00	
Contributions refunded .....	512.49	101,987.74
Total Payments .....		<u>\$1,410,869.44</u>
<i>Investments</i>		
\$45,000 Manhattan Railway Company Consolidated Mortgage		
4% Bonds, at cost .....	\$ 43,456.25	
\$10,000 Interborough Rapid Transit Co. First and Refunding		
Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	\$ 53,257.50

**MEMBERSHIP STATEMENT**

Membership June 30, 1923 .....	6,647
During the year the Medical Examiners have made 5,475 calls on disabled members.	



1923-1924

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1924

PRINT  
JOHN WARD & SON  
NEW YORK



## E. F. J. GAYNOR

The Board of Directors at a meeting held on Tuesday, January 29th, 1924, adopted the following preamble and resolutions in memory of Edward F. J. Gaynor, Auditor of this Company who died on January 21st, 1924:

"The President announced to the Board the sudden death of Mr. E. F. J. Gaynor, Auditor, on January 21st, 1924, and referred to his personal and official association with him extending over a period of twenty-one years. He stated that he knew the Members of the Board recognized his ability and also realized what the loss of his services to the Company would mean. Whereupon, the following minute was presented and, On Motion, unanimously adopted:

MR. E. F. J. GAYNOR, Auditor, who died on January 21st, 1924, began his services with one of the predecessors of the Manhattan Railway Company on September 1, 1877. By reason of the close attention which he gave to his duties, the thoroughness of his work and the aptitude which he showed, he was appointed Auditor of the latter Company on April 1st, 1881. On April 1st, 1903, owing to his natural ability and experience he was appointed Auditor of the Interborough Rapid Transit Company and subsequently of all its subsidiary companies.

Conscientious in his work, kind and generous in his intercourse with other officers of the Company he was highly respected and esteemed. Impartial and charitable toward all employes, modest and cordial he won many friends. Ranking high in the field of his profession, possessing an enviable character, he will be widely mourned and missed by everyone who knew him, and affectionately remembered by the Members of the Board of Directors of the Company, its Officers and Employees.

Whereupon,

On motion, duly seconded, the following resolutions were unanimously adopted:

RESOLVED: That it is the wish of the Board of Directors of the Interborough Rapid Transit Company, in recognition of the long and valuable services of Mr. E. F. J. Gaynor, the late Auditor, that the foregoing minute be inscribed upon the records of the Company, and

FURTHER RESOLVED: That a copy thereof be transmitted to Mrs. Gaynor with the sincere sympathy of the Board."

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1925

ABEL E. BLACKMAR .....	New York
BERTRAM CUTLER .....	New York
FREDERICK H. ECKER .....	New York
FRANK HEDLEY .....	New York
H. M. FISHER .....	Plainfield, N. J.
WILLIAM C. POTTER .....	New York

### TERMS EXPIRE 1926

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
MORTIMER N. BUCKNER .....	New York
CHARLES DAY .....	Philadelphia
HERMAN A. METZ .....	New York
WILLIAM ROBERTS .....	New York

### TERMS EXPIRE 1927

WILLIAM W. NILES .....	New York
THOMAS I. PARKINSON .....	New York
ROBERT C. RATHBONE .....	New York
SAMUEL W. REYBURN .....	New York
F. DEC. SULLIVAN .....	New York
E. E. STARBARD .....	Ridgewood, N. J.

## EXECUTIVE COMMITTEE

AUGUST BELMONT .....	New York
EDWARD J. BERWIND .....	New York
CHARLES DAY .....	Philadelphia
FRANK HEDLEY .....	New York
HERMAN A. METZ .....	New York
SAMUEL W. REYBURN .....	New York
WILLIAM ROBERTS .....	New York
F. DEC. SULLIVAN .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board—MAJOR AUGUST BELMONT,

45 Cedar Street, New York City

Chairman Executive Committee.....EDWARD J. BERWIND

President and General Manager.....FRANK HEDLEY

Vice-President.....E. E. STARBARD

Assistant to President and General Manager.....GEORGE KEEGAN

Assistant to General Manager .....J. S. DOYLE

Secretary.....H. M. FISHER

Treasurer.....H. M. FISHER

General Counsel and General Attorney.....JAS. L. QUACKENBUSH

Comptroller .....HENRY T. BERRY

Auditor .....FRANK SAMUELSON

Director Welfare Work .....H. H. VREELAND

Registrar of First and Rfdg. Mtge. 5% Bonds and 7% Notes,

SECRETARY'S OFFICE

Transfer Agents .....OFFICE OF SECRETARY

Annual Stockholders' Meeting.....Fourth Wednesday in September

# MILEAGE—Revised to June 30, 1924

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	12.29	85.28
Contract No. 3:								
Atlantic Ave.....	....	0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Brooklyn Line .....	5.68	....	2.37	0.12	3.19	....	4.13	21.99
Corona Line.....	4.21	....	0.52	3.69	....	....	0.28	12.39
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	0.47	18.89
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Nostrand Ave. Branch	2.70	....	2.70	....	....	....	0.15	5.55
Pelham Bay Park Line	7.15	....	0.34	6.81	....	....	0.49	21.60
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.20	5.96
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.88	....	0.18	4.37	....	0.33	4.03	19.15
Manhattan Division .....	37.18	..	6.79	27.39	2.84	0.16	20.40	128.31
8th Ave. and 162d St. Connection.....	0.62	....	0.62	....	....	....	0.02	1.26
Queensboro Bridge Line .....	1.35	..	1.35	....	....	....	0.03	2.73
Webster Avenue Line.	1.74	....	0.03	1.71	....	....	0.14	5.33
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	114.79	1.34	31.97	58.96	21.47	1.19	44.69	378.68

Brooklyn Line:—Livonia Avenue Yard: placed in service July 28, 1923, increasing track mileage 3.09.

White Plains Road Line:—E. 180th Street Yard; part placed in service November 1, 1923, balance April 15, 1924, total increase in track mileage 3.33.

Corona Line:—Track mileage reduced .22 account of track changes.

Manhattan Division:—track mileage reduced 2.88 account of abandoning 42d Street Branch, 3d Avenue Line, December 7, 1923 ..... .47

Removal of two turnouts and crossover, Reade St., 6th Avenue Line, April 3, 1924 ..... .05

Discontinuing shuttle service to Willis Avenue Station of N. Y., N. H. & H. R. R., April 15, 1924..... .36

Abandoning shuttle 53d to 59th Streets, 6th Avenue Line, June 15, 1924..... 1.00

# ANNUAL REPORT

## OF THE

### Interborough Rapid Transit Company

No. 165 Broadway, New York, October 15, 1924.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1924.

The comparative income account for the years ended June 30, 1924 and 1923, is:

#### Comparative Statement of Income Account

YEAR ENDING JUNE 30TH	1924	1923	Increase Decrease
Gross Operating Revenue.....	\$57,773,775.05	\$55,559,435.90	\$2,214,339.15
Operating Expenses .....	33,841,415.07	34,392,508.78	551,093.71
Net Operating Revenue.....	\$23,932,359.98	\$21,166,927.12	\$2,765,432.86
Taxes .....	2,763,529.67	2,662,310.55	101,219.12
Income from Operation .....	\$21,168,830.31	\$18,504,616.57	\$2,664,213.74
Non-Operating Income .....	402,762.65	573,850.25	171,087.60
Gross Income .....	\$21,571,592.96	\$19,078,466.82	\$2,493,126.14
Income Deductions .....	20,500,416.13	19,210,261.68	1,290,154.45
Net Corporate Income for the Year..	†\$1,071,176.83	\$131,794.86	\$1,202,971.69
Add:			
Surplus at beginning of year.....	524,783.04	524,866.48	83.44
Profit and Loss Account—Net change during the year.....	154,859.72	131,878.30	286,738.02
Surplus or Deficit at end of year*.....	†\$391,534.07	\$524,783.04	\$916,317.11

#### NOTES:

\* Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings but with full deduction for Sinking Fund on First and Refunding Mortgage Bonds, the payment of which is under the "Plan of Readjustment," postponed for five years from July 1st, 1921, provided an amount equal to such postponed Sinking Fund be expended for Additions or Improvements to the property.

† Stated exclusive of expenditures for Maintenance in excess of contractual provisions aggregating \$1,430,202.64, leaving a balance (deficit) after actual maintenance of \$359,025.81 for the year.

## Statement of Operations for the Year Ended June 30, 1924

Gross Operating Revenue .....	\$57,773,775.05	
Operating Expenses (A) .....	33,841,415.07	
Net Operating Revenue .....	\$23,932,359.98	
Taxes .....	2,763,529.67	
Income from Operation .....	\$21,168,830.31	
Non-Operating Income (Net) .....	402,762.65	
Gross Income .....	\$21,571,592.96	
Income Deductions:		
Rentals:		
City of New York:		
Interest on City Bonds .....	\$2,049,182.06	
Sinking Fund .....	561,817.00	\$2,610,999.06
Manhattan Railway Company:		
Interest:		
Consolidated Mortgage 4% Bonds.....	\$1,627,320.00	
Second Mortgage 4% Bonds.....	180,920.00	
Fixed Rental—Organization .....	50,000.00	
Dividend Rental on Capital Stock (C).....	2,723,877.00	4,582,117.00
Total .....		\$7,193,116.06
Interest and Sinking Fund Charges—On Securities Is-		
sued by Interborough Rapid Transit Company:		
First and Refunding Mortgage 5% Gold Bonds:		
Interest .....	\$8,066,992.36	
Sinking Fund (B) .....	2,170,556.39	\$10,237,548.75
Ten-Year 7% Notes—Interest .....	2,246,419.96	
Ten-Year 6% Notes—Interest .....	260,908.54	
Equipment Trust Certificates, Series "A"—Interest .....	70,420.00	12,815,297.25
Other Deductions:		
Sundry Rents .....	\$264,659.67	
Interest on Unfunded Debt .....	178,543.15	
Interest on Investment of Depreciation Reserve..	48,800.00	492,002.82
Total Income Deductions.....		\$20,500,416.13
Net Corporate Income .....	\$1,071,176.83	
Maintenance Expenditures in excess of Contractual Provisions (A) ....	1,430,202.64	
Balance (deficit) after Actual Maintenance.....	\$359,025.81	
Per Cent. Expenses to Earnings .....	58.57	
Passengers Carried .....	1,074,343,243	

### NOTES:

(A) From the commencement of operations under Contract No. 3 and the Related Certificates respectively, it has been the practice to include in all reports of operating expenses 14% of the gross operating revenue upon the Manhattan Division and 17% on the Subway Division, to cover maintenance and depreciation. These are the percentages fixed for the first year of operation in each case. Negotiations have been pending between the Company and the Commission ever since the end of the first year to determine what, if any, changes in these percentages should be made for subsequent years. Prior to the commencement of the current fiscal year the amount expended in excess of 14% upon the Manhattan was approximately offset by the amount under 17% expended upon the Subway Division. But during the current year there have been expenditures upon both Divisions considerably in excess of the tentative percentages provided for the first year. The net expenditures for maintenance in excess of the amounts therefor, included in "Operating Expenses" are shown hereinabove as "Maintenance Expenditures in excess of Contractual provisions."

(B) Under the Plan of Readjustment, payment of the sinking fund is deferred until July 1, 1926, on condition that, prior to that date, an amount equal to the deferred sinking fund be expended on additions or improvements to the property.

(C) Reserve to cover amount of additional Rental which may become payable to owners of Manhattan Railway Company's Stock not assenting to the Plan of Readjustment for the period from July 1, 1922 to June 30, 1924 .....

Dividend Rental on \$60,000,000 Manhattan Railway Company's Stock  
under the Plan of Readjustment .....

Total .....

\$2,723,877.00

### **Operating Revenue**

Gross Operating Revenue for the year ended June 30th, 1924, was \$57,773,775 as compared with \$55,559,436 last year, a gain of \$2,214,339 or 3.98%, the result of a gain on the Subway Division of \$2,048,376 or 5.63%, and a gain on the Manhattan Railway Division of \$165,963 or 0.86%.

The gain in the revenue from the transportation of passengers being \$2,446,446 and the decrease in the Other Street Railway Operating Revenue (principally from the sale of power) \$232,107.

### **Operating Expenses**

Operating Expenses with Maintenance and Depreciation included on the basis of contractual provisions were \$33,841,415 as compared with \$34,392,509 last year, a decrease of \$551,094 or 1.60%, the result of an increase of \$1,494 on the Subway Division and a decrease of \$552,588 or 4.44% on the Manhattan Railway Division.

### **Net Operating Revenue**

The Net Operating Revenue was \$23,932,360 as compared with \$21,166,927 last year, an increase of \$2,765,433 or 13.06%, the result of a gain on the Subway Division of \$2,046,882 or 14.22%, and a gain on the Manhattan Railway Division of \$718,551 or 10.60%.

### **Taxes**

The total amount of taxes was \$2,763,530 as compared with \$2,662,311 last year, an increase of \$101,219 or 3.80%; Subway Division shows an increase of \$144,286 or 31.99%, while the Manhattan Railway Division shows a decrease of \$43,067 or 1.95%.

### **Income from Operation**

Income from Operation was \$21,168,830 as compared with \$18,504,616 last year, or an increase of \$2,664,214 or 14.40%, the result of a gain on the Subway Division of \$1,902,596 or 13.65%, and a gain on the Manhattan Railway Division of \$761,618 or 16.68%.

### **Non-Operating Income**

Non-Operating Income was \$402,763 as against \$573,850 last year, a decrease of \$171,087 or 29.81%, the result of a decrease on the Subway Division of \$174,477 or 35.39%, and an increase on the Manhattan Railway Division of \$3,390 or 4.19%.

### **Gross Income**

Gross Income was \$21,571,593 as compared with \$19,078,467 last year, an increase of \$2,493,126 or 13.07%, the result of a gain on the Subway Division of \$1,728,118 or 11.97%, and a gain on the Manhattan Railway Division of \$765,008 or 16.46%.

### **Income Deductions**

Income Deductions were \$20,500,416 as compared with \$19,210,262 last year, an increase of \$1,290,154 or 6.71%, the details of which are set out on Page No. 24.

### **Net Corporate Income**

The Net Corporate Income was \$1,071,177 as compared with the deficit of \$131,795 last year, an increase of \$1,202,972.

### **Maintenance Expenditures**

\$10,670,310 was spent during the year for maintaining the railroads, power plants and the rolling stock in good operating condition. This amount was \$1,430,203 in excess of the contractual provisions referred to in note "A", on Page 7, and when deducted from the Net Corporate Income leaves a deficit balance for the year of \$359,026 compared with a corresponding deficit the previous year of \$568,992 or an improvement of \$209,966.

### **Traffic**

The number of passengers carried was 1,074,343,243 compared with 1,025,175,131 last year, an increase of 49,168,112 or 4.80%, the result of a gain on the Subway Division of 38,282,756 or 5.66%, and a gain on the Manhattan Railway Division of 10,885,356 or 3.12%.

The increase in traffic on the Subway Division following an increase of 31,675,000 passengers in the previous year, indicates the continually increasing use of the subways.

The increase in traffic on the Manhattan Railway Division shows a return of travel to those lines after two years with practically no change, both of which were much below the fiscal year 1921, when the elevated traffic reached its highest point.

### **Additions and Betterments**

A net expenditure of \$5,909,509 was made during the year for Additions, Betterments and Replacements. This amount includes the Company's contribution toward Construction and Equipment under Contract No. 3 and the Related Certificates; completion of the Multiple Unit Car Door Control Device on 1,378 Subway Cars and a considerable portion of the cost of installing Multiple Unit Car Door Control Device on 465 Manhattan Division Cars, also the cost of completing 100 Subway Steel Trailer Cars put into use during the summer of 1923.

# INTERBOROUGH RAPID TRANSIT COMPANY

## FINANCIAL

	1924	1923
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds, dated January 1st, 1913, due January 1st, 1966 .....	162,106,000	162,106,000
Ten-Year Secured Convertible 7% Notes, dated September 1st, 1922 .....	34,296,600	33,658,110
Three-Year Secured Convertible 7% Gold Notes, dated September 1st, 1918 .....	37,100	756,000
Extended September 1st 1921 for one year @ 8% .....	\$23,400	
Not Extended .....	13,700	
Ten-Year 6% Notes, dated October 1st, 1922 .....	10,500,000	10,500,000
Equipment Trust Certificates, Series "A" dated March 15th, 1923 .....	1,120,000	1,400,000
Equipment Trust Certificates, Series "B" dated January 1st, 1924 .....	2,250,000	.....
Totals .....	<u>\$245,309,700</u>	<u>\$243,420,110</u>

The First and Refunding 5% Gold Bonds, the 7% Notes and the 6% Notes above referred to, were issued for the following purposes:

	5% Bonds	7% Notes	6% Notes
To provide funds for Subway Construction and Equipment under Contract No. 3 dated March 19th, 1913 .....	\$79,961,463	\$18,453,700	\$8,622,448
To provide funds for Elevated Third Tracking under certificate dated March 19th, 1913 .....	12,025,666	10,735,730	1,269,325
To provide funds for Elevated Extensions under certificate dated March 19th, 1913 ..	14,191,237	2,499,066	295,474
To provide funds for the Manhattan Division Power Plant Improvements .....	3,312,634	2,645,204	312,753
For the refunding of \$15,000,000 Notes, due May 1st, 1913, and Forty-five Year Mortgage 5% Gold Bonds, dated November 1st, 1913 .....	52,615,000	.....	.....
Totals .....	<u>\$162,106,000</u>	<u>\$34,333,700</u>	<u>\$10,500,000</u>

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

NOTE:—The Equipment Trust Certificates, were issued in connection with acquisition of Additional Steel Cars for the Subway.

Series "A" 100 Trailer Cars.

Series "B" 100 Motor Cars.

The increase in Revenue from Transportation for the year was \$2,446,446, or 4.8%. While the greater part of this gain was on the Subway Division the Manhattan Railway Division showed an increase of over 3%, most of which may be attributed to increased service and improvements in the condition of the cars and stations, together with increased patronage resulting from advertising. There was, however, a decrease in the Other Operating Revenue of \$232,107, leaving a net increase in Gross Operating Revenue of \$2,214,339. This falling off in Other Operating Revenue resulted from a decrease in the Sale of Power of \$332,000, partially offset by an increase in Advertising and Rentals.

The quantity of power sold during the year increased nearly 5% over the previous year, but the price was materially affected by the decrease in the cost of coal used for generating purposes. The principal contracts under which the Company furnishes power provide for an adjustment of the rates per kilowatt hour dependent, among other things, upon the changes in the price of coal. There was also a substantial adjustment made during the current year in the price of power furnished prior to the beginning of the year, reducing the revenue accrued from this source by approximately \$68,000.

The cost of conducting Transportation during the year was \$959,588 less than the previous year, notwithstanding the fact that the car miles operated increased 7,310,000, and wage rates were 5% higher. If the cost of Transportation for these additional car miles had been equal to the average for the previous year, such cost would have been approximately \$850,000, and consequently a comparison on the basis of service rendered shows the saving in the cost of Transportation to be approximately \$1,800,000. Of this sum the reduction in the cost of Coal was \$1,100,000, leaving \$700,000 decrease in the cost of conducting Transportation. The quantity of coal consumed was 742,426 tons as compared with 764,003 tons for the previous year—a decrease of 21,577 tons.

To maintain the property in absolutely safe operating condition at all times, it was necessary to expend for maintenance \$1,364,464 more than in the previous year. Taking into consideration the actual maintenance expenditures the total expenditures for operating and

maintaining the property for the year were \$35,271,618 as compared with \$34,829,706 last year—an increase of \$441,912, or 1¼%.

The increase in General Expenses was \$36,720 over last year, although the amount expended in the settlement of accident and damage claims showed an increase of \$75,123, due largely to the necessary postponement of the settlement of such cases during the past few years.

The net result of the operation of the Interborough System, after deducting the actual maintenance expenditures, shows an improvement over the previous year of \$209,966. This figure is arrived at after deducting the Manhattan dividend rental of \$1,013,877 in excess of the previous year, including a reserve of \$233,877 to cover the amount of additional dividend rental from July 1st, 1922, to June 30th, 1924, which might become payable to owners of Manhattan stock not assenting to the Plan of Readjustment.

Repairs and improvements to the Elevated Railroad were continued during the year, including extensive painting of structure, stations, shops, towers, buildings, etc.

Additional permanent facilities were completed at the 161st Street Station of the Lexington Avenue Line to accommodate traffic to and from the American League Baseball Park.

Construction of additional facilities at the Wall Street Station of the Seventh Avenue-Lexington Avenue Line, including additional mezzanine on south side of station and additional stairway at north end of mezzanine is now in progress.

Additional waiting rooms were constructed on the north bound platform of the 219th Street Station, White Plains Road Line and on the north bound platform of Kingsbridge Road Station, Jerome Avenue Line.

An additional stairway to the north bound platform of the 225th Street Station, of the Broadway-Seventh Avenue Line, was constructed for the accommodation of traffic to and from the Velodrome.

Changes to and additional signals were installed at various points on both the east and west side Subway lines, to facilitate the operation of trains.

Appropriations were also made for painting the Subway viaduct, tunnel structure and stations, car barns and sub-stations, and the work is now in progress.

Construction of the extension to the Queensboro Subway from Vanderbilt Avenue and 42nd Street to Eighth Avenue and 41st Street is 41% and the extension to Jackson Avenue Station 60% completed. Alteration of structure in the vicinity of Queens Plaza to permit of B. M. T. train operation over the Corona and Astoria Lines has been completed, and the necessary Equipment changes are practically completed.

The ventilating plant at 53rd Street, Lexington Avenue Line, furnished as Equipment, was completed and placed in operation. A similar plant being installed at 131st Street, is 20% completed and will be placed in operation some time in September.

The ventilating plant at Johnson Street (near Borough Hall), Eastern Parkway Line, furnished as Equipment, is 70% completed and will be placed in operation in August.

The inspection shed enclosure and track installation work of the 180th Street Yard has been completed. Installation of telephone, lighting and blockade signal apparatus, electrical and signal equipment, being furnished as Equipment, is practically completed.

The Jerome Avenue inspection shed enclosure is 33% and track installation 79% completed. The electrical equipment and signal apparatus work, being furnished as Equipment, is in progress.

Track installation in the 239th Street Yard has been completed. Electrical equipment, signal apparatus and lighting system, being furnished as Equipment, is in progress.

The construction of additional approach track in the 148th Street Yard is 98% completed and the 2nd and 3rd Additions to the Shops approximately 75% completed. The installation of Equipment: steam heating, fire protection, D. C. feeders and circuit breakers, lighting, telephone system, etc., is in progress.

The new entrances to 168th Street Station and 157th Street Station of the Broadway-Seventh Avenue Line are 87% and 49% completed, respectively. Two new elevators have been installed at 168th Street Station.

The construction of a passageway connecting this Company's station at 133rd Street, Manhattan Elevated, Third Avenue Line, with the New York, Westchester & Boston Railway Company's reconstructed station at Willis Avenue, has been completed and placed in service.

Steel rails on the Manhattan Division were renewed during the year on 2.02 miles of single track, and 13,616 new ties were laid.

On the Subway Division steel rails on 25.69 miles of single track were renewed, and 17,034 new ties laid.

At the 59th Street Power Station two additional new 1200 Horsepower boilers are being installed. This installation, which is rapidly nearing completion, and includes the necessary stokers, superheaters, forced and induced draft fans, furnaces, ash hoppers, etc., is made necessary by the anticipated further increase in load as a result of additional subway cars being placed in operation.

The new sub-station No. 27, located at Roosevelt Avenue between 23rd and 24th Streets, Corona, which supplies power to the Corona line of the Queensboro Subway, has been completed and placed in service.

An additional 4000 Kilowatt rotary converter (with its complementary transformer) was installed in Sub-station No. 11, located at No. 122 Park Row.

During the fiscal year 25.07 miles of 11,000 volt and 19,000 volt transmission cables and 0.11 miles of 11,000 volt subway lighting cables were placed in service, as well as 0.75 miles of underground 600 volt distribution cables for the supply of power to the third rail, and 5.32 miles of 600 volt underground distribution cables for the supply of power for various auxiliary purposes.

Considerable maintenance work was performed at both the 59th and 74th Street Power Houses with a view to more economical operation of the various power units.

Following an Order from the Transit Commission dated August 22nd, 1923, directing the purchase of 100 additional steel motor cars for use in the Subway Division, as additional equipment under Contract No. 3, arrangements were made for the purchase of these cars through an Equipment Trust, whereby 25% of the cost estimated at \$3,000,000 was paid in cash and the balance through the issuance and

sale of \$2,250,000 of Equipment Trust Certificates bearing interest at the rate of 6½% per annum. These certificates are known as Interborough Equipment Trust, Series "B", New York Trust Company, Trustee, and are payable \$450,000 on January 1, 1925 and an additional \$450,000 on January 1st in each of the succeeding years to and including January 1, 1929.

Of the above cars 26 have been received and will be placed in service as soon as equipped. The balance of the 100 cars will be placed in service as rapidly as they can be equipped after being received from the builders.

Of the 100 new Subway trailer cars ordered last year the remaining 82 have been received, equipped and placed in service.

The installation of Multiple Unit Car Door Control on the 82 new trailer cars has been completed, making a total of 1,478 Subway cars equipped with this new type of safety device.

Of the 465 Manhattan Division cars, selected for installation of Multiple Unit Door Control 395 have been equipped and the balance will be completed by about the middle of August.

During the past year, improvements have been made to the door control equipment which have resulted in additional economies in operation. The electro-pneumatic System of Multiple Car Door Control has now been in service for over three years and has demonstrated that it is safer, more reliable, more convenient and altogether more dependable than manual operation.

Contract No. 3, dated March 19th, 1913 with the City of New York provides that if the Transit Commission shall determine to add any extension to the railroad or existing railroads or to any extension thereof it shall so inform the lessee, and if the latter acquiesces in the addition of such extension it shall upon the requirement of the Commission forthwith equip, maintain and operate it as a component part of the railroad or the existing railroads in the same manner except for the purposes of termination as if such extension formed part of the existing railroads. Under this provision of the lease the Transit Commission formally notified this Company of its determination to construct an extension from the present terminus of the Corona Branch of the Queensboro Subway Line to Main Street, Flushing, a distance of a little less than two miles, and this Company after

satisfying itself that it would be permitted to deduct the actual interest upon the cost of the additional equipment required and having been assured by the Commission that such deduction would be permitted, thereupon acquiesced in the addition of the aforesaid extension and the operation and maintenance thereof.

The construction of column foundations on Section No. 1, of the Flushing Extension, Alburtis to Riverside Avenues, have been completed; Section No. 2, Riverside Avenue to Lawrence Street is 70% and Section No. 3, Lawrence to Main Street, Flushing, 53% completed.

The Hotel Belmont property owned by the Subway Realty Company, all of which Company's stock was in turn owned by the Interborough Rapid Transit Company, was sold during the year, for approximately \$6,000,000 including the real estate at Nos. 2, 4 and 6 East 63rd Street, consisting of a house and lot assessed by the City at \$700,000. The transaction was consummated through the sale of the entire capital stock of the Subway Realty Company, for \$2,500,000 in cash and the conveyance of the 63rd Street property referred to, the purchaser assuming the mortgage of \$2,500,000 outstanding against the hotel property. The \$2,500,000 in cash received was deposited with the Guaranty Trust Company of New York, Trustee, under the First and Refunding 5% Mortgage, subject to being used by the Company for capital purposes. The book cost to this Company of its investment in the Subway Realty Company amounted as of the date of the sale to \$3,339,088.55. The cash received, including miscellaneous balances in the Treasury of the Subway Realty Company, amounted to \$2,802,435.29, leaving a difference of \$536,653.26 which will be offset by whatever cash is realized upon the re-sale of the 63rd Street property.

The Subway Realty Company was organized on April 19th, 1901 for the purpose of acquiring easements for the construction of the original subway. The Hotel Belmont was constructed on property thus acquired and was leased from November 1, 1906 for 20 years at an annual rental of \$318,256.34, in addition to taxes, assessments, insurance, repairs, etc., the lessee having an option to renew the lease for an additional 20 year period at 5% on a re-valuation, at the termination of the present lease in 1926. In consideration of this renewal clause it is deemed that an exceptionally favorable sale was made of the property in question.

The 1924 Federal Revenue Act, which became a law with the President's signature in June, 1924, contained a provision which subjected this Company, as the operator of rapid transit lines in which a municipality is financially interested, to income taxation with respect to its income derived from such operation from and after January 1, 1924. It was deemed essential therefore that this additional tax liability which it was estimated would amount to approximately \$310,000 for the six months from January 1, 1924 to June 30th, 1924, should be reflected in the Company's accounts. The Comptroller was thereupon directed to accrue on the Company's books and accounts a proper proportion of the estimated annual liability of the Company for this additional Federal Income Tax.

It was also thought that the contingent additional liability to non-assenting stockholders of the Manhattan Railway Company to receive dividends on their stock at the rate of 7% per annum, in the event of a decision of the Appellate Court establishing such a right, should be recognized on the Company's books and accounts through the creation of a reserve equivalent to the amount which the Company might be called upon to pay. This contingent liability for the period from July 1, 1922 to June 30th, 1924 amounted to \$233,877 over and above the amounts heretofore and currently accrued at the rates provided for under the Readjustment Plan. The Comptroller was therefore directed to currently accrue on the Company's books and accounts the additional liability which might become due with respect to stock of the Manhattan Railway Company not participating in the Plan of Readjustment measured by the difference between the rate of 7% per annum and the rates provided in said Plan and to adjust the Company's books and accounts so as to reflect the creation of such reserve for the period from July 1, 1922 to June 30th, 1924.

Following negotiations with representatives of the Brotherhood of Interborough Rapid Transit Company employes, with respect to wages and working conditions from and after the expiration of last year's working agreement on June 30th, 1924, it was agreed to renew said agreement for a further period of one year beginning July 1st, 1924 and ending June 30th, 1925. It developed that there were some inequalities in existence which have been adjusted.

Your Directors on February 20th, 1923 appointed a Committee of three of its members to examine and report their findings and recommendations on the fire and other forms of insurance carried

for the protection of your property. After a careful study, the Committee made several suggestions, to which immediate attention was given, and otherwise reported as satisfactory the Management's handling of the insurance. The most important change made was that of insuring the two power houses, which, while they are regarded as nearly proof against any considerable fire damage, it was considered advisable to insure, the premium cost being comparatively inconsiderable. Other insurance contracts were renewed as they expired, at the same or less premium cost, advantage being taken as far as practicable of a continued favorable loss record. Eighteen losses were adjusted with an aggregate sum of \$11,301.41.

A satisfactory renewal was negotiated for a term of five years of the lease of your Company's offices at No. 165 Broadway, which expired on May 1st, of this year. Sales were also made of ten parcels of unused land for a total sum of \$252,110.

Your rented properties continued well occupied. Four new ground leases were made during the year yielding about \$13,000 per annum new rental income.

As an added precaution against possible interruptions of train operation and in order to avoid undue deterioration of materials and structure, it has been the custom of your management to have its engineers and transportation experts make semi-annual detailed inspections and reports on the physical condition of the property, accompanied by such recommendations as might lend themselves to additional safety and the prevention of losses through delays in making repairs. These reports which are separate and distinct from the regular maintenance work were made during the past year as usual, and showed that the property was being maintained in good working condition and that nothing was omitted which would add to the safety and continuity of train operation.

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Since the foregoing report was prepared, several applications for franchises to operate comprehensive bus systems, have been filed with the public authorities. The position that your Company has always taken is that there should be no extensions of existing bus lines, except as feeders for the rapid transit lines. The operation of buses over the routes contemplated in the franchise applications recently submitted, if permitted, would seriously affect the net revenues

of this Company, and its ability to pay interest on the City's bonds issued for construction purposes. This fact was promptly brought to the attention of the proper authorities, and it is hoped this Company's views may prevail. To the extent that the public authorities deem any bus operation advisable, we believe it should be rendered by this Company as an adjunct to the rapid transit lines, in which the City is financially interested under the provisions of the existing contracts. In other words, we believe that this Company should not go into the bus business generally, with the resulting further congestion of street traffic and increased accidents and damages to persons and property, nor should any other Company be permitted to do so.

Thirty years ago, the City adopted a policy of underground transportation, with ultimate municipal ownership. It should not now revert to a policy of seventy years ago of coach transportation with private ownership.

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The management makes due acknowledgment to its officers and employes for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

FRANK HEDLEY,

President and General Manager.

# INTERBOROUGH RAPID TRANSIT COMPANY.

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1924 AND 1923.

	1924			1923			Increase Decrease
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$17,978,402.38	\$35,749,520.04	\$53,727,922.42	\$17,443,963.55	\$33,887,512.60	\$51,281,476.15	\$2,446,446.27
Other Street Railway Operating Revenue.....	1,402,738.06	2,643,114.57	4,045,852.63	1,771,213.89	2,506,745.86	4,277,959.75	232,107.12
Gross Operating Revenue.....	\$19,381,140.44	\$38,392,634.61	\$57,773,775.05	\$19,215,177.44	\$36,344,258.46	\$55,559,435.90	\$2,214,339.15
Operating Expenses:							
Maintenance of Way and Structures.....	\$1,221,011.85	\$2,937,036.55	\$4,158,048.40	\$1,210,556.19	\$2,780,335.77	\$3,990,891.96	\$167,156.44
Maintenance of Equipment.....	1,492,347.81	3,589,711.33	5,082,059.14	1,479,568.65	3,398,188.16	4,877,756.81	204,302.33
Traffic.....	409.84	742.18	1,152.02	586.05	250.40	836.45	315.57
Transportation Expenses. ....	8,228,529.91	13,847,799.46	22,076,329.37	8,834,589.21	14,201,328.23	23,035,917.44	959,588.07
General Expenses.....	942,482.67	1,581,343.57	2,523,826.14	912,069.96	1,575,036.16	2,487,106.12	36,720.02
Total Operating Expenses.....	\$11,884,781.98	\$21,956,633.09	\$33,841,415.07	\$12,437,370.06	\$21,955,138.72	\$34,392,508.78	\$551,093.71
Net Operating Revenue .....	\$7,496,358.46	\$16,436,001.52	\$23,932,359.98	\$6,777,807.38	\$14,389,119.74	\$21,166,927.12	\$2,765,432.86
Taxes.....	2,168,266.96	595,262.71	2,763,529.67	2,211,334.16	450,976.39	2,662,310.55	101,219.12
Income from Operation.....	\$5,328,091.50	\$15,840,738.81	\$21,168,830.31	\$4,566,473.22	\$13,938,143.35	\$18,504,616.57	\$2,664,213.74
Non-Operating Income.....	84,270.23	318,492.42	402,762.65	80,880.72	492,969.53	573,850.25	171,087.60
Gross Income.....	\$5,412,361.73	\$16,159,231.23	\$21,571,592.96	\$4,647,353.94	\$14,431,112.88	\$19,078,466.82	\$2,493,126.14
Income Deductions:							
Interest and Sinking Fund on City Bonds.....		\$2,610,999.06	\$2,610,999.06		\$2,584,034.93	\$2,584,034.93	\$26,964.13
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$1,438,169.21	6,628,823.15	8,066,992.36	\$1,403,267.18	6,628,823.16	8,032,090.34	34,902.02
Sinking Fund on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	524,471.75	1,646,084.64	2,170,556.39	496,389.76	1,639,661.55	2,136,051.31	34,505.08

Interest on 7% Notes.....	954,919.96	1,291,500.00	2,246,419.96	936,680.69	1,366,395.28	2,303,075.97	56,656.01
Interest on 10-Year 6% Notes. . .	18,270.67	242,637.87	260,908.54	2,545.50	62,600.13	65,145.63	195,762.91
Interest on Equipment Trust Certificates.....		70,420.00	70,420.00		389.66	389.66	70,030.34
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	1,627,320.00		1,627,320.00	1,627,320.00		1,627,320.00	
Interest on Manhattan Railway Second Mortgage 4% Bonds . . .	180,920.00		180,920.00	180,920.00		180,920.00	
Manhattan Railway Rental (Organization).....	50,000.00		50,000.00	50,000.00		50,000.00	
Dividend Rental on Manhattan Railway Company Capital Stock	2,723,877.00		2,723,877.00	1,710,000.00		1,710,000.00	1,013,877.00
Interest on Investment of Depreciation Reserve.....		48,800.00	48,800.00		48,800.00	48,800.00	
Interest on Unfunded Debt.....	68,726.26	109,816.89	178,543.15	105,586.61	70,314.32	175,900.93	2,642.22
Other Rent Deductions.....	238,486.27	26,174.40	264,659.67	269,293.88	27,239.03	296,532.91	31,873.24
Total Income Deductions.....	\$7,825,160.12	\$12,675,256.01	\$20,500,416.13	\$6,782,003.62	\$12,428,258.06	\$19,210,261.68	\$1,290,154.45
*Net Corporate Income.....	\$2,412,798.39	\$3,483,975.22	\$1,071,176.83	\$2,134,649.68	\$2,002,854.82	\$131,794.86	\$1,202,971.69
Maintenance Expenditures in Excess of Contractual Provisions.....	1,305,487.15	124,715.49	1,430,202.64	584,820.41	147,622.89	437,197.52	993,005.12
Balance after Actual Maintenance	\$3,718,285.54	\$3,359,259.73	\$359,025.81	\$2,719,470.09	\$2,150,477.71	\$568,992.38	\$209,966.57
Per Cent. Expenses to Earnings :							
Excluding Taxes.....	61.32%	57.20%	58.57%	64.73%	60.41%	61.90%	3.33%
Including Taxes.....	72.51%	58.74%	63.36%	76.23%	61.65%	66.69%	3.33%
Passengers Carried.....	359,410,056	714,933,187	1,074,343,243	348,524,700	676,650,481	1,025,175,131	49,168,112
Daily Average Passengers Carried	981,995	1,953,369	2,937,364	954,862	1,883,837	2,808,699	126,665

\*Exclusive of Accruals under Contract No. 3 and Related Certificates.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1924

## ASSETS

(And Other Balance Sheet Accounts Debit)

### FIXED CAPITAL:

#### Subway Division:

Contracts No. 1 and No. 2.....	\$60,878,598.27
Contract No. 3.....	110,290,900.44
Sub-Total.....	<u>\$171,169,498.71</u>

#### Manhattan Division:

Elevated Certificates.....	43,445,567.82
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#### TOTAL

\$214,615,066.53

### CONSTRUCTION AND EQUIPMENT FUNDS:

#### Held for account of Contract No. 3 and Related Elevated Certificates:

##### Cash:

New York Trust Company, Trustee, Equipment Trust Series "A" and "B".....	\$3,263,472.92
Guaranty Trust Company, Trustee Special Deposit.....	2,500,000.00
Sundry Other Deposits.....	556,059.74
Sub-Total.....	<u>\$6,319,532.66</u>

##### Investments:

United States Government Securities and Real Estate Mortgages—Temporary Investments.....	\$2,027,745.00
United States Government Securities Deposited with City of New York under Contract No. 3.....	249,437.50
Sub-Total.....	<u>\$2,277,182.50</u>
Accounts Receivable—Including Interest Accrued.....	<u>\$39,268.73</u>

#### TOTAL

8,635,983.89

### INVESTMENTS:

Securities of Associated Companies—Stocks and Bonds (See Note No. 1).....	\$17,047,456.36
United States Government Securities:	
Deposited with State Industrial Commission.....	599,006.49
Deposited with City of New York—account 59th Street Tunnel.....	12,000.00
Bond and Mortgage on Real Estate Sold.....	336,164.61
Real Estate Owned.....	<u>567,310.67</u>

#### TOTAL

18,561,938.13

### SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND.....

53,257.50

### CURRENT ASSETS:

Cash.....	\$1,837,637.15
United States Government Securities—Temporary Investment Current Funds.....	200,000.00
Special Deposits—for Specific Purposes.....	3,700.00
Accounts Receivable—Including Interest Accrued.....	973,207.41
Due from Construction and Equipment Funds.....	211,120.76
Prepayments—(Insurance, Rents, etc.).....	361,632.09
Materials and Supplies.....	<u>2,931,042.60</u>

#### TOTAL

6,518,340.01

### DUE FROM ASSOCIATED COMPANIES: (See Note No. 1):

Notes Receivable.....	\$4,014,474.86
Open Accounts.....	3,040,945.91
Interest Accrued.....	<u>261,345.44</u>

#### TOTAL

7,316,766.21

### ACCOUNTS IN SUSPENSE:

Reserves for Maintenance and Depreciation—under Contract No. 3 and Related Elevated Certificates:	
Balance, Deficiency in Reserve Account—Elevated Certificates.....	\$3,544,012.68
Balance to Credit Reserve Account—Contract No. 3.....	<u>2,552,844.50</u>
Net Balance.....	<u>\$991,168.18</u>
Capital Retirements to be Replaced from Depreciation Reserve.....	<u>151,875.47</u>

#### TOTAL

1,143,043.65

### UNAMORTIZED DEBT DISCOUNT AND EXPENSE.....

9,912,500.53

### ACCOUNTS PER CONTRA:

Bankers Trust Company, Trustee under Collateral Indentures dated September 1st and 2d, 1918 and September 1st, 1922.....	\$59,603,186.02
First and Refunding Mortgage 5% Bonds Reacquired.....	464,000.00
Accruals Payable from Future Earnings, under Contract No. 3 and Related Certificates:	
Contract No. 3.....	10,434,632.43
Elevated Certificates.....	<u>43,968,046.12</u>

#### TOTAL

114,469,864.57

### TOTAL—ALL ACCOUNTS.....

\$381,226,761.02

NOTE: No. 1—Several of the items included in "Securities of Associated Companies" and in "Due from Associated Companies" are in course of liquidation and may realize but a comparatively small sum. When their value shall be definitely ascertained and items of a similar character shall have been re-valued in accordance with the existing conditions, the balance sheet will be re-cast and there will be entered upon the books the full asset value of Contract No. 3, the Subway Lease, including the appraised present worth of the Subway preferentials when earned. This value has not been set forth heretofore in full and is now awaiting final appraisal. It is believed that the additional value of the Lease, when finally determined, will be in excess of the shrinkage in the other assets

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1924

## LIABILITIES

(And Other Balance Sheet Accounts Credit)

<b>CAPITAL STOCK:</b>		
350,000 Shares @ \$100 each.....		\$35,000,000.00
<b>FUNDED DEBT:</b>		
First and Refunding Mortgage 5% Gold Bonds—Due January 1st, 1966.....		162,106,000.00
<b>NOTES OUTSTANDING:</b>		
Ten-Year 7% Notes—Due September 1st, 1932.....	\$34,296 600.00	
Ten-Year 6% Notes—Due October 1st, 1932.....	10,500,000.00	
Three-Year Secured Convertible 7% Gold Notes:		
Extended @ 8%—(Overdue).....	23,400.00	
Not Extended — (Overdue). ....	13,700 00	
<b>TOTAL.....</b>		<b>44,833,700 00</b>
<b>EQUIPMENT TRUST CERTIFICATES:</b>		
Series "A" @ 6% —Dated March 15th, 1923, Payable 20% Annually....	\$1,120,000.00	
Series "B" @ 6½%—Dated January 1st, 1924, Payable 20% Annually....	2,250,000.00	
<b>TOTAL.....</b>		<b>3,370,000.00</b>
<b>RAPID TRANSIT SUBWAY CONSTRUCTION COMPANY:</b>		
Notes—Account Saratoga Award—Contract No. 1.....	\$2,224,457.00	
Note —Account Contract No. 2.....	1,240,107.83	
<b>TOTAL.....</b>		<b>3,464,564.83</b>
<b>MANHATTAN RAILWAY COMPANY—LEASE ACCOUNT.....</b>		<b>377,322.73</b>
<b>CONSTRUCTION FUNDS ACCOUNTS PAYABLE:</b>		
Due General Cash for Construction Expenditures made.....	\$211,120.76	
Other Accounts Payable—Audited Vouchers, Interest, etc.....	402,961.77	
<b>TOTAL.....</b>		<b>614,082.53</b>
<b>CURRENT LIABILITIES:</b>		
Sinking Fund on First and Refunding Mortgage 5% Bonds—Accrued (See Note No. 2).....	\$15,764,289.43	
Less: Amount Deposited with Trustee.....	8,001,509.43	
Balance.....	\$7,759,780.00	
Interest and Rentals—Due and Accrued.....	\$8,506,690.46	
Less: Amounts on Deposit and Payable from Construction Funds.....	4,244,086.72	
Balance.....	\$4,262,603.74	
Due for Wages.....	\$463,018.28	
Accounts Payable—Audited Vouchers and Sundry Open Accounts.....	\$902,712.52	
Taxes—Due and Accrued (See Note No. 3).....	\$2,149,670.25	
<b>TOTAL.....</b>		<b>15,537,784.79</b>
<b>TRUSTEE FOR VOLUNTARY RELIEF FUND.....</b>		<b>46,475.55</b>
<b>ITEMS AWAITING DISTRIBUTION.....</b>		<b>50,334.10</b>
<b>RESERVES:</b>		
Accrued Amortization of Capital (Depreciation Reserve prior to Operation under Contract No. 3 and Certificates).....	\$1,114,515.01	
Interest on Investment of Depreciation Reserve.....	424 071.46	
Sundry Reserves Account Manhattan Railway Company.....	533,697.08	
Sub-Total.....	\$2,072,283.55	
Less—Investments and Cash Deposits on account of Reserves:		
Manhattan Railway Company Account.....	\$226,232.18	
Account Depreciation Reserves prior to Operation under Contract No. 3	879,767.50	
Sub-Total.....	\$1,105,999 68	
<b>BALANCE.....</b>		<b>966,283.87</b>
<b>ACCOUNTS PER CONTRA:</b>		
First and Refunding Mortgage 5% Gold Bonds:		
Pledged as Collateral:		
Ten-Year 7% Notes.....	\$59,504,000.00	
Three-Year 7% Notes.....	98 000.00	
Released by Bankers Trust Company, Trustee.....	464,000 00	
Deferred Profit and Loss (Contingent) Credits:		
Accruals under Contract No. 3 and Related Certificates.....	54,402,678.55	114,468,678.55
<b>SURPLUS.....</b>		<b>391,534 07</b>
<b>TOTAL—ALL ACCOUNTS.....</b>		<b>\$381,226,761.02</b>

### NOTES:

No. 2—Under the "Plan of Readjustment" of May 1st, 1922, payments of the Sinking Fund installments due from July 1st, 1921, are postponed until July 1st, 1926.

No. 3—This item makes no allowance for an accrual of Federal Taxes on Income from date of operation under contracts with the City of New York. Complete exemption to January 1st, 1924, is claimed because of the profit-sharing contracts with New York City. Estimated United States Income Taxes for the six months ended June 30th, 1924, under the Revenue Act of 1924, have however been accrued at \$310,000.

**INTERBOROUGH RAPID TRANSIT COMPANY**

**ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED**  
**JUNE 30, 1924 AND 1923**

<i>Description</i>	1924	1923	<i>Increase Decrease</i>
Interest and Sinking Fund on City Bonds	\$2,610,999.06	\$2,584,034.93	\$26,964.13 (1)
Interest on First and Refunding Mortgage 5% Gold Bonds .....	8,066,992.36	8,032,090.34	34,902.02 (2)
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds .....	2,170,556.39	2,136,051.31	34,505.08 (2)
Interest on 7% Notes .....	2,246,419.96	2,303,075.97	56,656.01 (3)
Interest on Ten-Year 6% Notes .....	260,908.54	65,145.63	195,762.91 (3)
Interest on Equipment Trust Certificates, Series "A" .....	70,420.00	389.66	70,030.34 (4)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,320.00	1,627,320.00	
Interest on Manhattan Railway 2nd Mortgage 4% Bonds .....	180,920.00	180,920.00	
Manhattan Railway Rental, (Organization) .....	50,000.00	50,000.00	
Dividend Rental on Manhattan Railway Company Capital Stock .....	2,723,877.00	1,710,000.00	1,013,877.00 (5)
Interest on Investment of Depreciation Reserve .....	48,800.00	48,800.00	
Interest on Unfunded Debt .....	178,543.15	175,900.93	2,642.22
Other Rent Deductions .....	264,659.67	296,532.91	31,873.24
<b>Total Income Deductions .....</b>	<b>\$20,500,416.13</b>	<b>\$19,210,261.68</b>	<b>\$1,290,154.45</b>

**NOTES**

(1) Additional rental payable under Contract No. 1, due principally to the payment by the City of the balance due under that contract.

(2) Due to additions and improvements placed in operation during the year.

(3) Due to additions and improvements placed in operation during the year, partially offset by the refunding on September 1st, 1922, of the 8% notes with 7% and 6% notes.

(4) The 100 steel Subway cars purchased under this Equipment Trust were placed in operation during the summer of 1923.

(5) Due to the increase in rental payable to the Manhattan Railway stockholders under the Plan of Readjustment of May 1st, 1922, and to the accrual of a reserve to cover additional dividend rental which might become payable to owners of Manhattan stock not assenting to the Plan of Readjustment for the period from July 1st, 1922 to June 30th, 1924.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ADDITIONS, BETTERMENTS AND REPLACEMENTS FOR THE YEAR ENDED JUNE 30, 1924

### CHARGEABLE TO CAPITAL ACCOUNT

EQUIPMENT, CONTRACT No. 1.....		\$651,036.09
CONTRACT No. 3:		
Construction .....	\$183,510.61	
Equipment .....	982,787.26	1,166,297.87
ADDITIONS TO CONTRACT No. 3:		
Construction .....	\$144,151.51	
Equipment .....	1,932,159.96	2,076,311.47
MANHATTAN THIRD TRACKING:		
Plant and Structure .....		79,742.10
ELEVATED EXTENSIONS:		
Plant and Structure .....	\$67,291.66	
Equipment .....	105,165.34	172,457.00
MANHATTAN POWER PLANT IMPROVEMENTS .....		9,823.65
ADDITIONS TO MANHATTAN DIVISION POWER PLANT..		20,332.05
ADDITIONS TO MANHATTAN COMPANY LINES UNDER EXTENSION CERTIFICATES:		
Plant and Structure .....	\$20,658.31	
Equipment .....	1,709,380.12	1,730,038.43
REPLACEMENTS .....		11,514.22
TOTAL .....		\$5,917,552.88
Credits to Capital Account during the Year for the Original Cost of Property Retired .....		8,043.83
NET TOTAL .....		\$5,909,509.05

NOTE:—In addition to these Expenditures there was charged to Fixed Capital during the Year \$996,357.83 Balance of the amount due the Rapid Transit Subway Construction Company for the difference between the cost of construction of the Brooklyn Extension (Contract No. 2) and the amount received from the City of New York therefor.

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1924**

**MANHATTAN RAILWAY DIVISION**

PASSENGER CARS:	1924	1923
Motor, closed .....	1,007	1,016
Trailer, closed .....	710	713
Trailer, open .....	8	8
Total .....	<u>1,725</u>	<u>1,737</u>
SERVICE CARS:		
Pay, motor closed .....	1	1
Instruction, motor closed .....	1	1
Box, motor, steel .....	2	2
Pay, trailer, closed .....	1	1
Supply, trailer, closed .....	15	15
Tool, trailer, closed .....	1	1
Ticket, trailer, closed .....	2	2
Flat, trailer .....	29	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
Total .....	<u>60</u>	<u>60</u>
Total Manhattan Railway .....	<u>1,785</u>	<u>1,797</u>
PASSENGER CARS:		
Motor, composite, closed .....	<u>476</u>	<u>476</u>

**SUBWAY DIVISION—CONTRACTS NOS. 1 AND 2**

PASSENGER CARS:		
Motor, steel, closed .....	785	785
Trailer, steel, closed .....	352	352
Total .....	<u>1,137</u>	<u>1,137</u>
SERVICE CARS:		
Pay, motor, closed .....	1	1
Instruction, motor, closed .....	1	1
Observation, motor, closed .....	1	1
Flat, steel, motor .....	7	7
Pay, trailer, closed .....	1	1
Emergency, pump, trailer .....	1	1
Flat, wooden, trailer .....	15	15
Flat, steel, trailer .....	18	18
Hopper, steel, trailer .....	1	1
Dump, steel, trailer .....	2	2
Box, steel, trailer .....	2	2
Refuse, steel, trailer .....	4	4
Total .....	<u>54</u>	<u>54</u>
Total Contracts Nos. 1 and 2 .....	<u>1,191</u>	<u>1,191</u>

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1924**  
**SUBWAY DIVISION—CONTRACT NO. 3**

PASSENGER CARS:	1924	1923
Motor, steel, closed .....	581	581
Trailer, steel, closed .....	217	217
Total .....	798	798
SERVICE CARS:		
Pay, steel, motor .....	1	1
Total Contract No. 3 .....	799	799
<b>SUBWAY DIVISION—LEASED FROM N. Y. TRUST CO.</b>		
	1924	1923
Trailer, steel, closed .....	100	18
Grand Total .....	4,351	4,281

**VOLUNTARY RELIEF DEPARTMENT OPERATIONS**  
**YEAR ENDED JUNE 30, 1924**

**FINANCIAL STATEMENT**

Receipts to June 30th, 1923, inclusive .....	\$1,372,742.54	
<i>Receipts for year ended June 30, 1924.</i>		
Contributions from members .....	\$87,053.00	
Interest on investments and bank balances .....	2,420.10	89,473.10
		\$1,462,215.64
Received from the Company in advance of collection of contributions.....		120,736.75
Total Receipts .....		\$1,582,952.39
Disbursements to June 30th, 1923, inclusive.....	\$1,410,869.44	
<i>Disbursements for year ended June 30, 1924.</i>		
Accident Benefits paid .....	\$5,711.50	
Sickness Benefits paid .....	62,307.00	
Death Benefits paid .....	50,130.35	
Contributions refunded .....	676.60	118,825.45
Total Payments .....		1,529,694.89
<i>Investments</i>		
\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost .....	\$43,456.25	
\$10,000 Interborough Rapid Transit Co. First and Refund- ing Mortgage 5% Gold Bonds, due 1966, at cost.....	9,801.25	\$53,257.50

**MEMBERSHIP STATEMENT**

Membership June 30th, 1924 .....	6,583
During the year the Medical Examiners have made 4,792 calls on disabled members.	



1924-1925

ANNUAL REPORT

OF THE

INTERBOROUGH  
RAPID TRANSIT  
COMPANY

FOR THE

Year Ended June 30, 1925

PRINT  
JOHN WARD & SON  
NEW YORK



## AUGUST BELMONT

The Board of Directors at a special meeting held on Thursday, December 11th, 1924, adopted the following resolutions in memory of Major August Belmont, Chairman of the Board, who died on December 10th, 1924:

"RESOLVED: That the Board of Directors of the Interborough Rapid Transit Company, as a mark of respect for the memory of AUGUST BELMONT, Chairman of the Board, hereby directs that at four o'clock on the afternoon of his funeral, Friday, December 12th, 1924, all movements of trains be stopped for a period of one minute.

FURTHER RESOLVED: That the Secretary be requested to prepare an appropriate memorial to be submitted at the next meeting for entry upon the minutes expressing the sympathy and profound regret of the Directors of the Company upon the death of one whose great achievements, personal charm and integrity will always remain his most fitting monument."

At the regular meeting held on Tuesday, December 16th, 1924, the following memorial was unanimously adopted:

In response to the request of this Board, contained in resolutions adopted at a special meeting on December 11th, 1924, the Secretary submitted the following resolutions upon the death of AUGUST BELMONT, financier and philanthropist and Chairman of the Board of the Interborough Rapid Transit Company who died at his residence No. 550 Park Avenue, New York, on Wednesday, December 10th, 1924, after a brief illness, which resolutions were, on motion, duly seconded, unanimously adopted:

RESOLVED: That the Directors of the Interborough Rapid Transit Company hereby express their sense of the great loss to the Company and its corporate affairs and to themselves in their personal association through the death of AUGUST BELMONT their late associate, and tender to his family assurances of sincere sympathy in their deep affliction. The qualities of personal charm by which he won the devoted loyalty and affection of his employees and the steadfast adherence of his business associates, and his natural aptitude for organization, by which he directed the forces thus created to the solution of difficult financial, construction and transportation problems, were supplemented by broad and varied

activities in other fields. In his death the companies with which he was affiliated and his associates have suffered an irreparable loss and the citizens at large a generous friend and contributor to business, arts, sports and benefactions.

In the year 1900, after twenty-five years of fruitless efforts in other directions aided by legislative enactments, rapid transit commissions and referendums, Mr. Belmont and his associates undertook the construction of the first Subway in the City of New York, known as Contract No. 1, extending from City Hall to Van Cortlandt Park on the West Side and Bronx Park on the East Side. The enterprise was handicapped from the beginning by the refusal of the City to hazard its own credit and its former inability to dispose of the franchises on any terms. Local transportation interests were hostile. Other capitalists, both in this country and abroad were skeptical, having previously declined the initiative, and disaster was predicted on every hand.

It was under these conditions that the money had to be provided and the project launched. During the entire twenty-five years of preliminary discussion every plan for rapid transit had failed because responsible capitalists could not be found willing to undertake the risk of building the road. Each year had increased the difficulties attending such an enterprise and the plan finally adopted by the Board of Rapid Transit Railroad Commissioners placed all of the risks upon the capitalist who might attempt to finance the work and left none upon the City.

After the acceptance of the bid the surety companies were unwilling to furnish the security required except upon terms almost impossible to fulfill. The requirements of the Rapid Transit Act were rigid and forbade any solution of the problem which committed the City to share in the risks of the undertaking. The attitude of the surety companies was therefore only a reflection of the general feeling of business and professional men toward the whole enterprise.

Before the work could be inaugurated the necessary capital had to be procured and the required security had to be given, and an organization for building and operating the railroad had to be anticipated. Mr. Belmont, looking through and beyond the intricacies of the Rapid Transit Act and the complications of the contract, and seeing only the benefits which would accrue to the City and the people undertook to solve the problem. He incorporated a company to procure the security required, to furnish the capital necessary to carry on the work and to assume supervision of the whole undertaking. Investors were not seeking this kind of an investment. The surety demanded by the City to the extent of \$6,000,000 had to be furnished by Mr. Belmont's firm. Others were induced to subscribe to the stock of the Construction and Operating Companies but almost without exception showed their lack of confidence by forming separate underwriting syndicates to minimize the loss which they anticipated might ensue.

During the early days of construction the difficulties presented, and others which were predicted by those who desired

to handicap the enterprise, were well nigh appalling. Rival transportation companies stood ready to obstruct the work and encourage opposition. Towering buildings along the streets had to be supported, and the streets themselves were already occupied with a complicated network of sub-surface structures. On the surface were street car lines carrying heavy traffic night and day and all of the thoroughfares in the lower part of the City were congested with vehicular traffic. Other corporations claimed vested rights in the streets to the exclusion of the new enterprise and engineering problems involving unknown factors had to be met and overcome.

Mr. Belmont however did not underestimate the magnitude of the task and all of these contingencies were ably and promptly met. The most experienced experts were retained for every part of the work and, perfecting an organization in an incredible short time he proceeded to surmount and sweep aside every difficulty. The result is one of which every citizen of New York may well feel proud.

Although commendation was general in the beginning as the work proceeded failure was predicted from all directions. In the midst of these dire prophecies, as though even the fates themselves were determined to prevent the successful completion of the work, there occurred the Park Avenue explosion, the first and only serious accident during the entire construction period. It was at this crucial point, with his fortune and his prestige at stake, that Mr. Belmont justified the confidence placed in him. With entire disregard of all discouragements but with faith in the future, and a vision of what these arteries of travel would mean to the citizens of New York he gave unstintingly all he had to give and by his example and determination brought to a successful conclusion an enterprise which seemed doomed to almost certain failure.

While the original contract called for Subways in Manhattan only, it was his aim from the beginning to extend these benefits to neighboring Boroughs, and this was finally brought about by the construction of what is known as the Brooklyn Extension, or Contract No. 2, from Park Row to Atlantic Avenue, Brooklyn, and the Belmont Tunnel from Grand Central Station to Long Island City. This latter enterprise was undertaken not only with a view to giving Queens a direct entry into Manhattan but for the purpose of contributing to the Subway travel which, it seemed at that time, would be insufficient during the early stages to meet the expenses of operation.

It was for these two reasons that he acquired the New York & Queens County Railway Company. The stock was accumulated on the best terms possible and the construction of the Belmont Tunnel immediately inaugurated. Mr. Belmont had every right to expect the full co-operation of the City in this development of one of its Boroughs. Instead, for reasons which may have been deemed good and sufficient, he was hampered in every conceivable way. The tunnel franchise expired January 1, 1907. In January, 1906, the City, through a revocation of permits, sought to prevent further construction

of the railroad and although an injunction was obtained the Company was unable to finish the work in time and its corporate existence lapsed.

The contract for the construction of the Subways carried with it an obligation to operate the lines over a period of fifty years. The difficulties which were encountered were not alone connected with construction. It was not until an existing operating franchise was acquired, through the acquisition of the Pelham Park and City Island Railroads, that adequate legislation could be secured permitting the Interborough Rapid Transit Company to incorporate.

In 1903 in order to further secure the Company against possible loss during initial operation and because Mr. Belmont felt that in the development of rapid transit facilities, the Subway and Elevated should co-operate, he leased the Manhattan Railway Company for a period of nine hundred and ninety-nine years. This proved to be a wise precaution as it hastened the electrification of the Manhattan Lines and the public benefited greatly by the earlier improvement of the service.

The first section of the Subway was opened for operation October 27th, 1904. Before this it was generally recognized that it would prove successful, but Mr. Belmont also recognized its limitations. As early as 1903 he urged upon the Board of Rapid Transit Railroad Commissioners the importance of completing the system by an extension North from Grand Central Station on the East Side and South from Times Square on the West Side on the basis of the original contract. With success assured however interests which had declined to take the initial risk entered the field with counter propositions and so confused the situation as to make it impossible to complete the system along the lines originally contemplated. Although giving full credit for the sincerity of different views Mr. Belmont's judgment and experience led him at the time to believe that failure to adhere to the original plans was not only unwise from the standpoint of the City but that, if competitive franchises were granted on the terms suggested it would prove ruinous to both companies and ultimately drive them into bankruptcy. He urged this view upon the Board of Rapid Transit Railroad Commissioners with all the energy he possessed and in 1905 put his proposition for completing the system in writing. Public officials however had become so permeated with the idea of competition that they entirely lost sight of the greater advantage of having a single system created without involving the City in heavy expenditures. As their attitude could not be changed and the action of rival interests constituted so great a menace to the property and future development of the Interborough Company Mr. Belmont was forced into the consolidation or merger of 1906 which proved so disastrous.

In this consolidation both Mr. Belmont and his firm, together with other investors, suffered heavily and practically all of the subsequent advantages, which he had striven so strenuously to

create for the City of New York, were almost entirely lost to the public.

In 1906 the Rapid Transit Act was so amended as to make further subway construction at the time impossible. It was not until this amendment was modified some years later that the question again became active; but each subsequent offer, by reason of the numerous restrictions imposed, was necessarily less advantageous to the City. In 1910, however, the Interborough Rapid Transit Company, of which Mr. Belmont was then Chairman of the Board, agreed to construct a comprehensive system of Subways in all Boroughs, contributing the greater part of the cost of construction and equipment. This offer was rejected in favor of the Dual System, part of which is now in operation.

Men who make notable contributions to progress are invariably criticized during the period of their accomplishments. Mr. Belmont was no exception to this rule, but with entire disregard of criticism, whether directed against him personally or against the Company which he represented, he proceeded with the work which he had contracted to perform until success was attained. It was this characteristic, so dominant in his career, which enabled him to establish a new system of transportation heretofore untried in this city and a system which at the time was almost universally thought to be impracticable.

Mr. Belmont's career however needs no justification; his accomplishments will always stand as a monument to his memory.

Aside from his railroad and banking interests he was also active in the promotion of aviation during the War. His philanthropies and contributions to charities were extensive and in the field of religion his activities covered an exceptionally wide range. He was receptive to appeals of the unfortunate and worthy requests of this nature never went unrewarded.

**BE IT FURTHER RESOLVED:** That these resolutions be spread upon the minutes of this Board and that an engrossed copy thereof be transmitted to the family of **AUGUST BELMONT** as an earnest but inadequate expression of sympathy with their loss.

# Interborough Rapid Transit Company

## DIRECTORS

### TERMS EXPIRE 1926

EDWARD J. BERWIND .....	New York
MORTIMER N. BUCKNER .....	New York
CHARLES DAY .....	Philadelphia
CHARLES E. DUNLAP .....	New York
HERMAN A. METZ .....	New York
WILLIAM ROBERTS .....	New York

### TERMS EXPIRE 1927

WILLIAM W. NILES .....	New York
THOMAS I. PARKINSON .....	New York
ROBERT C. RATHBONE .....	New York
SAMUEL W. REYBURN .....	New York
E. E. STARBARD .....	Ridgewood, N. J.
F. DE C. SULLIVAN .....	New York

### TERMS EXPIRE 1928

ABEL E. BLACKMAR .....	New York
BERTRAM CUTLER .....	New York
FREDERICK H. ECKER .....	New York
H. M. FISHER .....	Plainfield, N. J.
FRANK HEDLEY .....	New York
WILLIAM C. POTTER .....	New York

## EXECUTIVE COMMITTEE

EDWARD J. BERWIND .....	New York
CHARLES DAY .....	Philadelphia
FRANK HEDLEY .....	New York
HERMAN A. METZ .....	New York
WILLIAM C. POTTER .....	New York
SAMUEL W. REYBURN .....	New York
WILLIAM ROBERTS .....	New York
F. DE C. SULLIVAN .....	New York

## OFFICERS

GENERAL OFFICES, No. 165 BROADWAY, NEW YORK CITY

Chairman of Board .....	EDWARD J. BERWIND
Chairman Executive Committee .....	EDWARD J. BERWIND
President and General Manager .....	FRANK HEDLEY
Vice-President .....	E. E. STARBARD
Assistant to President and General Manager .....	GEORGE KEEGAN
Assistant to General Manager .....	J. S. DOYLE
Secretary .....	H. M. FISHER
Treasurer .....	H. M. FISHER
General Counsel and General Attorney .....	JAS. L. QUACKENBUSH
Comptroller .....	HENRY T. BERRY
Auditor .....	FRANK SAMUELSON
Director Welfare Work .....	H. H. VREELAND
Registrar of First and Rfdg. Mtge. 5% Bonds and 6% and 7% Notes,	
	SECRETARY'S OFFICE
Transfer Agents .....	OFFICE OF SECRETARY
Annual Stockholders' Meeting .....	Fourth Wednesday in September

# **MILEAGE—Revised to June 30, 1925**

Division	Length of Road	Single Track	Two Track	Three Track	Four Track	Five Track	Sidings, Etc.	Total Single Track
Subway:								
Contracts Nos. 1 and 2	25.72	0.63	10.41	7.18	7.50	....	13.63	86.62
Contract No. 3:								
Atlantic Ave.....	....	0.03	0.11	....	....	....	0.02	0.27
Astoria Line .....	2.33	....	0.31	2.02	....	....	0.19	6.87
Brooklyn Line .....	5.68	....	2.37	0.12	3.19	....	4.13	21.99
Corona Line.....	4.21	....	0.52	3.69	....	....	0.28	12.39
Clark St. Tunnel Line	2.31	....	2.31	....	....	....	0.05	4.67
Jerome Avenue Line..	6.04	....	0.20	5.59	....	0.25	3.41	21.83
Lex. Avenue Line....	5.00	0.05	....	0.08	4.42	0.45	0.93	21.15
149th Street Loops...	0.55	0.55	....	....	....	....	....	0.55
Nostrand Ave. Branch	2.70	....	2.70	....	....	....	0.15	5.55
Pelham Bay Park Line	7.15	....	0.34	6.81	....	....	0.49	21.60
Queensboro Subway..	2.64	....	2.40	....	0.24	....	0.20	5.96
Seventh Avenue Line.	4.19	0.08	0.83	....	3.28	....	0.87	15.73
White Plains Rd. Line	4.88	....	0.18	4.37	....	0.33	4.03	19.15
Manhattan Division .....	37.18	....	6.79	27.39	2.84	0.16	20.40	128.31
8th Ave. and 162d St. Connection.....	0.62	....	0.62	....	...	....	0.02	1.26
Queensboro Bridge Line .....	1.35	....	1.35	....	....	....	0.03	2.73
Webster Avenue Line.	1.74	....	0.03	1.71	....	....	0.14	5.33
West Farms Subway Connection .....	0.50	....	0.50	....	....	....	....	1.00
Totals .....	114.79	1.34	31.97	58.96	21.47	1.19	48.97	382.96

SUBWAY DIVISION: Single track mileage increased 4.28 account of:

Part of Jerome Avenue Yard placed in service August 31, 1924.....	1.78 miles
Changes at Jerome Avenue Yard placed in service April, 1925.....	1.16 "
Changes at 148th Street, Lenox Avenue Yard placed in service March, 1925.....	0.78 "
Changes at 148th Street, Lenox Avenue Yard placed in service May, 1925.....	0.56 "

# ANNUAL REPORT OF THE Interborough Rapid Transit Company

No. 165 Broadway, New York, December 1, 1925.

To the Stockholders:

Your Board of Directors submits herewith its report of the operations of the Interborough Rapid Transit Company for the fiscal year ended June 30, 1925.

The comparative income account for the years ended June 30, 1925 and 1924 is:

## Comparative Statement of Income Account

YEAR ENDED JUNE 30TH ..	1925	1924	Increase Decrease
Gross Operating Revenue .....	\$58,418,990.75	\$57,773,775.05	\$645,215.70
Operating Expenses .....	33,088,385.34	33,841,415.07	753,029.73
Net Operating Revenue .....	\$25,330,605.41	\$23,932,359.98	\$1,398,245.43
Taxes .....	3,299,589.72	2,763,529.67	536,060.05
Income from Operation .....	\$22,031,015.69	\$21,168,830.31	\$862,185.38
Non-Operating Income .....	292,200.50	402,762.65	110,562.15
Gross Income .....	\$22,323,216.19	\$21,571,592.96	\$751,623.23
Income Deductions .....	21,176,428.88	20,500,416.13	676,012.75
Net Corporate Income .....	†\$1,146,787.31	\$1,071,176.83	\$75,610.48
Add:			
Surplus at beginning of Year....	\$391,534.07	\$524,783.04	\$916,317.11
Profit and Loss a/c—Net Changes (Dr.) during the year.....	8,457.83	154,859.72	146,401.89
Total .....	\$383,076.24	\$679,642.76	\$1,062,719.00
*Surplus at end of Year.....	†\$1,529,863.75	\$391,534.07	\$1,138,329.48

### NOTES:

\* Stated exclusive of accruals under Contract No. 3 and Related Certificates payable from future earnings but with full deduction for Sinking Fund on First and Refunding Mortgage Bonds, the payment of which is under the "Plan of Readjustment," postponed for five years from July 1st, 1921, provided an amount equal to such postponed Sinking Fund be expended for Additions or Improvements to the property.

† Stated exclusive of expenditures for Maintenance in excess of contractual provisions.

## Statement of Operations for the Year Ended June 30, 1925

Gross Operating Revenue .....	\$58,418,990.75
Operating Expenses (A) .....	33,088,385.34
Net Operating Revenue .....	\$25,330,605.41
Taxes .....	3,299,589.72
Income from Operation .....	\$22,031,015.69
Non-Operating Income .....	292,200.50
Gross Income .....	\$22,323,216.19
Interest and Sinking Fund on City Bonds .....	\$2,644,905.28
Interest on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds .....	8,070,962.02
Sinking Fund on Interborough Rapid Transit Company First and Refunding Mortgage 5% Gold Bonds (B) ..	2,217,080.00
Interest on Ten-Year 7% Notes .....	2,375,861.70
Interest on Ten-Year 6% Notes .....	398,173.28
Interest on Equipment Trust Certificates, Series "A" .....	62,300.00
Series "B" .....	99,319.99
Series "C" .....	7,802.67
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,320.00
Interest on Manhattan Railway Second Mortgage 4% Bonds .....	180,920.00
Manhattan Railway Rental (Organization) .....	50,000.00
Dividend Rental on Manhattan Railway Co. Capital Stock (C) .....	3,065,310.00
Interest on Unfunded Debt .....	87,262.25
Other Rent Deductions .....	240,411.69
Interest on Investment of Depreciation Reserve .....	48,800.00
Total Income Deductions .....	21,176,428.88
Net Corporate Income .....	\$1,146,787.31
Maintenance in excess of Contractual Provisions (A) .....	1,492,295.67
Balance after Actual Maintenance .....	\$345,501.64
Per Cent., Expenses to Earnings .....	56.64
Passengers Carried .....	1,089,544,225

### NOTES:

(A) From the commencement of operations under Contract No. 3 and the Related Certificates respectively, it has been the practice to include in all reports of operating expenses 14% of the gross operating revenue upon the Manhattan Division and 17% on the Subway Division, to cover Maintenance and Depreciation. These are the percentages fixed for the first year of operation in each case. Negotiations have been pending between the Company and the Commission ever since the end of the first year to determine what, if any, changes in these percentages should be made for subsequent years. Prior to July 1st, 1923, the amount expended in excess of 14% upon the Manhattan was approximately offset by the amount under 17% expended upon the Subway Division. But during the current year there have been expenditures upon both Divisions considerably in excess of the tentative percentages provided for the first year. The net expenditures for maintenance in excess of the amounts therefor, included in "Operating Expenses" are shown hereinabove as "Maintenance in excess of Contractual provisions."

(B) Under the Plan of Readjustment, payment of the sinking fund is deferred until July 1, 1926, on condition that, prior to that date, an amount equal to the deferred sinking fund be expended on additions or improvements to the property.

(C) Reserve to cover amount of additional Rental which may become payable to owners of Manhattan Railway Company's Stock not assenting to the Plan of Readjustment for the period from July 1, 1924 to June 30, 1925..... \$65,310.00

Dividend Rental on \$60,000,000 Manhattan Railway Company's Stock  
under the Plan of Readjustment ..... 3,000,000.00

Total..... \$3,065,310.00

### **Operating Revenue**

Gross Operating Revenue for the year ended June 30th, 1925, was \$58,418,990, as compared with \$57,773,775 last year, a gain of \$645,215 or 1.11%, the result of a gain on the Subway Division of \$1,037,978 or 2.70%, and a loss on the Manhattan Railway Division of \$392,763 or 2.02%.

The gain in the revenue from the transportation of passengers being \$749,288 and the decrease in the Other Street Railway Operating Revenue (principally from the sale of power) \$104,073.

### **Operating Expenses**

Operating Expenses with Maintenance and Depreciation included on the basis of contractual provisions were \$33,088,385 as compared with \$33,841,415 last year, a decrease of \$753,030 or 2.22%, the result of a decrease of \$376,185 or 1.71% on the Subway Division and a decrease of \$376,845 or 3.17% on the Manhattan Railway Division.

### **Net Operating Revenue**

The Net Operating Revenue was \$25,330,605 as compared with \$23,932,360 last year, an increase of \$1,398,245 or 5.84%, the result of a gain on the Subway Division of \$1,414,163 or 8.60%, and a loss on the Manhattan Railway Division of \$15,918 or 0.21%.

### **Taxes**

The total amount of taxes was \$3,299,590 as compared with \$2,763,530 last year, an increase of \$536,060 or 19.40%; Subway Division shows an increase of \$240,139 or 40.34%, while the Manhattan Railway Division shows an increase of \$295,921 or 13.65%.

### **Income from Operation**

Income from Operation was \$22,031,015 as compared with \$21,168,830 last year, or an increase of \$862,185 or 4.07%, the result of a gain on the Subway Division of \$1,174,024 or 7.41%, and a loss on the Manhattan Railway Division of \$311,839 or 5.85%.

### **Non-Operating Income**

Non-Operating Income was \$292,201 as against \$402,763 last year, a decrease of \$110,562 or 27.45%, the result of a decrease on the Subway Division of \$104,900 or 32.93%, and a decrease on the Manhattan Railway Division of \$5,662 or 6.72%.

### **Gross Income**

Gross Income was \$22,323,216 as compared with \$21,571,593 last year, an increase of \$751,623 or 3.48%, the result of a gain on the Subway Division of \$1,069,124 or 6.61%, and a loss on the Manhattan Railway Division of \$317,501 or 5.86%.

### **Income Deductions**

Income Deductions were \$21,176,429 as compared with \$20,500,416 last year, an increase of \$676,013 or 3.30%, the details of which are set out on Page No. 29.

### **Net Corporate Income**

The Net Corporate Income was \$1,146,787 as compared with \$1,071,177 last year, an increase of \$75,610.

### **Maintenance Expenditures**

\$10,853,873 was spent during the year for maintaining the railroads, power plants and the rolling stock in good operating condition. This amount was \$1,492,296 in excess of the contractual provisions referred to in note "A", on Page 11, and when deducted from the Net Corporate Income leaves a deficit balance for the year of \$345,508 compared with a corresponding deficit the previous year of \$359,026.

### **Traffic**

The number of passengers carried was 1,089,544,225 compared with 1,074,343,243 last year, an increase of 15,200,982 or 1.41%, the result of a gain on the Subway Division of 21,887,485 or 3.06%, and a loss on the Manhattan Railway Division of 6,686,503 or 1.86%.

### **Additions and Betterments**

A net expenditure of \$6,763,953 was made during the year for Additions, Betterments and Replacements. This amount includes the Company's contribution towards Construction and Equipment under Contract No. 3 and the Related Certificates; cost of 100 additional Subway Motor Cars in operation, major portion of cost of 150 additional Subway Motor Cars of which 85 are in operation; additional shop and power facilities to provide for operation of additional Subway Cars.

The increase in the Passenger Revenue for the year was but \$749,289, due to a decrease on the Manhattan Railway Division throughout practically the entire year and aggregating \$342,224, or 1.8% offset by an increase on the Subway Division of \$1,091,513, or 3%.

For the first seven months of the year the increase in Passenger Revenue for the System was \$769,027. A comparison of this figure with the total increase for the year shows that for the last five months of the year the passenger business was practically the same as for the corresponding period in the previous year.

There was a decrease in the Other Operating Revenue of \$104,073, which is accounted for principally by a reduction in receipts from the sale of power of \$92,318.

The quantity of power sold was about 11½% more than for the previous year, but the price per kilowatt was reduced because of the reduction in the cost of coal to this Company.

The total Operating Revenue was \$645,216 greater than the previous year, or slightly over 1% increase.

There was a decrease in the Non-operating Income of \$110,562, which was largely the result of the sale of the capital stock of the Subway Realty Company and the consequent loss of the 5% dividend heretofore collected on that stock.

The cost of Conducting Transportation for the year was \$1,422,557 less than the previous year; of this amount \$604,778 represents the decrease in the cost of power station coal, the average cost per ton for this fiscal year being \$5.81 compared with \$6.65 for the previous year.

The quantity of coal consumed in the power stations was 753,375 tons as compared with 742,426 tons in the previous year.

The decrease in the remaining items of Transportation was \$817,779 notwithstanding the fact that 7,542,077 additional car miles were operated.

The total expenditures for maintaining the property in absolutely safe condition was \$10,853,872, or \$183,563 more than was expended for maintenance in the previous year.

The total expenditures for operating and maintaining the property for the year were \$34,580,680, or \$690,938 less than for the pre-

vious year—a decrease of nearly 2% notwithstanding that 100 additional subway cars were put into use during the summer of 1924 and 3½% more car miles were operated.

The increase in the Manhattan dividend rental is \$341,433, being an additional 1% (\$600,000) payable under the Plan of Readjustment of May 1, 1922, less \$258,600 accrued in the previous year to meet dividends at the 7% rate for the fiscal years 1922 and 1923, which might become payable to shareholders who did not assent to the Plan of Readjustment.

This item together with the increase in interest and sinking fund on Interborough securities incident to putting into use additional property and the issuance of car trust certificates for new subway cars accounts for the total increase in the income deductions of \$676,013. The net result of the operations for the year, after deducting the actual expenditures for maintenance, is practically the same as the previous year.

Repairs and improvements to the Elevated Railroad were continued during the year, including extensive reinforcing and painting of structure, stations, miscellaneous buildings, etc.

The reconstruction of 42nd Street, Third Avenue Line Station, structure changes and miscellaneous work, necessitated on account of the removal of the East 42nd Street Spur Structure, has been completed.

The reconstruction of tracks, signals, structure, etc., in the vicinity of 53rd Street and Sixth Avenue, on account of the removal of the Sixth Avenue Line structure from 53rd to 59th Street, has been completed.

In order to provide increased space to facilitate the movement of passengers the covering of all columns on both platforms of the Grand Central Station, Lexington Avenue Line, was removed and concrete 2 inches in thickness outside of the steel substituted.

The construction of additional facilities at the Wall Street Station of the Seventh Avenue-Lexington Avenue Line, including additional mezzanine and stairway on the South side of the station and additional stairway at the North end were completed and placed in service.

An additional stairway from the Northeast corner of Mott Avenue and East 138th Street to the Mott Haven-138th Street Station of the Lexington Avenue Line, was constructed and placed in service.

Changes to and additional signals were installed at various points on the Subway lines to facilitate the operation of trains.

Considerable painting of the Subway viaduct, tunnel structure, stations, and miscellaneous buildings was done.

Construction of the extension to the Queensboro Subway from Vanderbilt Avenue and 42nd Street to Eighth Avenue and 41st Street is 67% and the extension to Jackson Avenue Station 88% completed.

The Jerome Avenue Yard inspection shed enclosure is 85%, and track installation 100% completed. The electrical equipment, signal apparatus, lighting, steam heating of buildings, etc., is practically completed.

The construction of an additional approach track and Second and Third Additions to Shops at 148th Street-Lenox Avenue Yard is completed. The installation of Equipment is practically completed with the exception of signal and interlocking apparatus which is in progress.

At 239th Street-White Plains Road Line Yard, steel for the inspection shed has been erected.

At Pelham Bay Yard the foundation work is 88% and the erection of steel for the inspection shed 100% completed.

The construction of the Flushing Extension from Alburtis Avenue to Main Street, Flushing, with the exception of the bridge over Flushing Creek, is practically completed. Station finish work is in progress. The electrical equipment and signal apparatus work, has been started.

The new entrances to the 168th Street and 157th Street Stations of the Broadway-Seventh Avenue Line, have been completed and placed in service.

Steel rails on the Manhattan Division were renewed during the year on 3.69 miles of single track and 15,251 new ties were laid. On the Subway Division, steel rails on 20.87 miles of single track were renewed and 14,863 new ties were laid.

Additional power station and sub-station equipment and cables were installed in order to provide for the operation of 350 additional cars and the increased requirements of the New York Rapid Transit Corporation, including the operation of its 14th Street line.

At the 59th Street Power Station new superheaters were installed in ten of the 600 H.P. boilers for the purpose of increasing the temperature of the steam supplied to the 30,000 Kw. turbines, thus enabling these units to operate at a higher efficiency. A 1,000 gallon per minute turbine driven centrifugal boiler feed pump and a 4,250 kilovolt-ampere transmission transformer for raising the voltage from 11,000 to 19,000 volts were also installed.

At each of Sub-stations No. 12 and No. 18 an additional 4,000 Kw. rotary converter and its complementary transformer were installed.

New Sub-station No. 48, located at Rowland and Peter Streets, the Bronx, was placed in operation. This sub-station supplies power to the Pelham Bay Park Line.

The transmission cable added to the system had a total length of 22.82 miles for both the 11,000 and 19,000 volt, three phase, lead covered, paper insulated cable, and, the additional underground distribution cable for supplying 600 volt direct-current to the third rail had a total length of 3.61 miles.

At the 74th Street Power Station the tubes of the South condenser of one of the 30,000 Kw. turbines, and at the 59th Street Power Station the tubes of the condenser of one of the low pressure turbines were renewed in order that these units might operate at the highest possible efficiency.

The boilers at the 74th Street Power Station were also given a very thorough inspection by representatives of both the Interborough Company and Babcock & Wilcox Co., boiler manufacturers. Parts of these boilers were replaced in a number of cases and a general reconditioning and overhauling of the boilers was made in order to assure their safe and continuous operation.

The field coils of one of the 30,000 turbines at the 59th Street Power Station were reinsulated and other repairs and improvements made to the rotor in order that there might be a greater assurance of the safe and continuous operation of this unit, thus avoiding a possible breakdown.

2,244 feet of coal conveyor belting was renewed in the two power stations, and the lighting system in the boiler room of the 59th Street Power Station is being reconstructed in order to assure the greater safety of the employees.

In addition to the 100 trailer and 100 motor cars previously purchased and placed in operation 150 new steel motor cars were contracted for during the past year all of which have been received and 79 have already been placed in operation. It is estimated that they will all be completed and in full operation in time for this Winter's business. These 150 cars were purchased as additional equipment under Contract No. 3, at a cost of approximately \$3,812,600. Payment was arranged for through Equipment Trust Certificates whereby approximately 25% of the cost was paid in cash and the balance through the issuance and sale of Certificates bearing interest at the rate of 6% per annum. These Certificates are known as Equipment Trust Series "C," dated November 1, 1924, New York Trust Company, Trustee, and are payable \$570,000 on November 1, 1925, and \$570,000 on the 1st day of November in each of the succeeding years to and including November 1, 1929.

Four Manhattan open type passenger cars have been converted to flat cars for the use on Manhattan Division.

A new type lock has been installed on safety gates on Subway cars as a safety feature to prevent passengers tampering with gates while cars are in service.

The Car Equipment Department moved into the Second and Third Additions to 148th Street Shops and the installation of additional shop machinery is in progress. The new Administration Building at 147th Street and Seventh Avenue was occupied in April, 1925.

For the purpose of keeping fully informed of the operation of the multiple unit car door control, periodical comparative records are compiled of car door accidents over a stated period of both the old and the new types of door control. These reports show that with the use of multiple unit car door control, there was an average of one accident to each 158,016 car miles and one passenger injured out of each 959,551 passengers carried, while with the old type of door control there was an average of one accident to each 27,120 car miles

and one passenger injured out of each 166,099 passengers carried. The cost to the Company of the accidents in question amounted to an average of \$68.50 per accident where the multiple unit car door control was used, and \$119.00 per accident where the old type of car door control was used.

Contracts were entered into dated April 1, 1925, for the greater part of your Company's coal supply for the year beginning April 1st, 1925, and ending April 1st, 1926, approximately 750,000 tons at a considerable saving in price over last year. This saving in cost however is partly offset by the necessity of using a larger tonnage owing to the operation of additional equipment which is now being constructed and which will all be in service by the latter part of this year.

In connection with insurance of sub-stations your management after a thorough analysis of the situation considered it good policy for the Company to carry its own risk on operating sub-stations. There are 25 of these sub-stations, constructed of brick, steel and concrete, fully manned day and night. In most instances the buildings are set apart from surrounding structures by independent walls. In lieu of insurance therefore your Company has established a reserve fund which is set aside and invested annually to be drawn upon in case of fire loss on these properties.

The working agreement covering wages and working conditions of employees during the past year expired on June 30th, 1925. Following negotiations with representatives of the Brotherhood of Interborough Rapid Transit Company employees, it was agreed to renew said agreement on the same terms for a further period of one year beginning July 1st, 1925, and ending June 30th, 1926.

As an added precaution against possible interruptions of train operation and in order to avoid undue deterioration of materials and structure, it has been the custom of your management to have its engineers and transportation experts make semi-annual detailed inspections and reports on the physical condition of the property, accompanied by such recommendations as might lend themselves to additional safety and the preventing of losses through delays in making repairs. These reports which are separate and distinct from the regular maintenance work were made during the past year as usual and showed that the property was being maintained in good

working condition and that nothing was omitted which would add to the safety and continuity of train operation.

With respect to regular inspection of cars and electrical equipment, the system of maintenance inspection and renewals originally adopted by your management, and since strictly adhered to, was investigated and reported on by the Westinghouse and General Electric Companies as follows:

#### Report of the Westinghouse Electric & Mfg. Company:

"On the Interborough Rapid Transit System, the supervising organization is of the highest type. It is an organization which has had training from the very beginning of rapid transit electrification and an organization which has developed with a growth of rapid transit operation in New York City. A large percentage of the men constituting the supervisory force are not only pioneers in electric railway operation, but they have become experts in the handling and the maintaining of electric railway apparatus.

A definite and adequate system of inspection for the maintenance of the equipment is followed. All cars are brought into the inspection barns and overhauling shops on definite mileage schedules. Detailed written instructions as to the procedure of inspection and maintenance are given to the working force. In addition personal instruction is given each man. A system is incorporated whereby each man is charged with the responsibility of the work detailed to him. Simple but accurate and adequate records of the equipment details are kept. These are analyzed periodically by the supervising heads of the various departments and the information gained thereby applied to the improvement of methods and elimination of failures.

Here is a system which averages 10 million car miles per month on the subway division, and 5½ million car miles per month on the elevated division. This operation is accomplished with the phenomenal record of better than 99.75% of the total daily train trips being made without delay chargeable to equipment failure. These failures are so few that the defects developed in operation as shown by the records of the transportation department are compared on a one million car mile basis. It is most interesting to know that the total electrical equipment defects average only 18.35 per million car miles or a defect approximately every 54,500 car miles. It must be appreciated that every defect does not necessarily mean a train delay.

After all, is not the true measure of the sufficiency of maintenance of the electrical equipment indicated by this remarkable record of operation?"

#### Report of the General Electric Company:

"The operation of the Interborough System is conceded to be the heaviest passenger service in the world, whether taken from the standpoint of the greatest number of passengers carried yearly, car miles operated, or ton miles hauled.

Our investigation shows that the inspection of all equipment is frequent, rigid and consistent. That a twelve (12) hour inspection is carried on parts of the equipment like wheels, trucks, draft rigging, etc. The equipment on motor cars is inspected every 1,000 miles, at which time worn parts are removed and all control is tested.

The motors show close supervision and are kept up in very good operating condition. Commutators are in good shape. Armature and axle bearings are taken out immediately they have reached the limit of wear set for these parts. Motor gearing is watched very carefully especially the pinions. Pinions which have to be removed due to armature repairs are thoroughly cleaned, boiled in oil, again thoroughly cleaned, given a coat of whiting, and subjected to a vibration test. This test immediately discloses any incipient cracks which may have developed in service, and the pinion is scrapped.

Due to this close inspection that all gearing constantly gets, the delays in service due to this cause are practically nil.

The control equipment was gone over in great detail and all parts carefully inspected.

Drastic methods of maintenance are in force whenever there is any chance of failure of equipment causing a delay. On a system the size of the Interborough's operating the number of car miles and carrying the number of passengers they do per year, where they have never had a failure of the electrical equipment that caused a major accident, must be indicative of the critical inspection that is given all apparatus, and that the maintenance given these equipments is of such a character as to make for safe and reliable operation."

The suggested lengthening of platforms of the local stations on the Manhattan-Bronx Rapid Transit Railroad to 480 feet for the purpose of accommodating ten-car trains, inaugurated by the Transit Commission in 1923 and subsequently made to include all stations served by local trains upon both the old and new lines was challenged by Counsel for the Company in the following language:

"The right of the Commission to order such lengthening of station platforms and to require the provision of the additional equipment which would thereby be necessitated for the operation of ten-car local trains is challenged by the Interborough Rapid Transit Company upon the grounds, first, that neither do the proposed platform extensions constitute Additions within the contemplation of Contract No. 3, nor does the provision of the necessary additional equipment for the operation of ten-car local trains come within the contemplation of the contract; and, second, that the proposed lengthening of station platforms and provision of the necessary additional equipment for the operation of ten-car local trains would not be a just and reasonable requirement, within the intent of the contract, in order to carry out the purposes of the lease with respect to service and facilities."

The hearings before the Transit Commission were closed on May 28th, 1925, and decision reserved.\*

In the Spring of 1924 Mr. Artemas Ward, the President and owner of Artemas Ward, Inc., opened negotiations with officers of this Company looking to a renewal or extension of the contract for the advertising and merchandising concessions on the Interborough Lines, which would expire December 31, 1928. These negotiations, which continued for a period of over a year, resulted in a substantial agreement between the parties for a continued enjoyment of the privileges by Artemas Ward, Inc., under a new contract for a period to expire December 31, 1943, with provisions for annual compensation at rates and in amounts considerably higher than those required to be paid to the Interborough under the contract expiring December 31, 1928. The Transit Commission, to which the proposition was submitted, disapproved the proposed contract, principally because it had not been the subject of competitive bidding.

Further negotiations resulted, for the purpose of devising ways and means to permit the present receipt of competitive bids for these privileges under the conditions then applying. A satisfactory method was found and on June 30, 1925, after invitations to representative concerns, bids were opened in the presence of the Transit Commissioners. The successful bidder was found to be the Street Railways Advertising Company of New Jersey—an integral part of the national advertising organization of Barron Collier—which offered to pay in cash on executing the new contract, the sum of \$770,000 and as annual compensation fixed minimum sums and percentages of gross receipts, which were larger than those specified in the proposed arrangement with Mr. Ward which the Commission disapproved. A new agreement embodying the terms of the successful bid, for a period of eighteen years from November 1, 1925, was duly executed between this Company and Street Railways Advertising Company of New Jersey on July 1, 1925, and subsequently received the approval of the Transit Commission.

Since the execution of the contract in July, the Collier organization has acquired from the Executors of the Estate of Artemas Ward, deceased, all the capital stock, contracts and rights of Artemas

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\* Upon application of the Company the case has been re-opened to receive further evidence. The matter is pending at the date of this report.

Ward, Inc., so that there will be no difficulty arising out of the fact that a portion of the term of the new contract duplicates or overlaps a portion of the term of the previous contract with Artemas Ward, Inc.

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The management makes due acknowledgment to its officers and employees for the efficient services rendered the Company and its patrons during the past year.

Respectfully submitted, by order of the Board of Directors,

FRANK HEDLEY,

President and General Manager.

# INTERBOROUGH RAPID TRANSIT COMPANY

## COMPARATIVE STATEMENT OF RESULTS FROM OPERATIONS FOR YEARS ENDED JUNE 30, 1925 AND 1924.

YEAR ENDED JUNE 30	1925			1924			Increase Decrease
	Manhattan Ry. Division	Subway Division	Total	Manhattan Ry. Division	Subway Division	Total	
Revenue from Transportation.....	\$17,636,177.65	\$36,841,033.60	\$54,477,211.25	\$17,978,402.38	\$25,749,520.04	\$53,727,922.42	\$749,288.83
Other Street Railway Operating Revenue.....	1,352,199.88	2,589,579.62	3,941,779.50	1,402,738.06	2,643,114.57	4,045,852.63	104,073.13
Gross Operating Revenue....	\$18,988,377.53	\$39,430,613.22	\$58,418,990.75	\$19,381,140.44	\$28,392,634.61	\$57,773,775.05	\$645,215.70
Operating Expenses:							
Maintenance of Way and Structures.....	\$1,196,267.78	\$3,016,441.91	\$4,212,709.69	\$1,221,011.85	\$2,937,036.55	\$4,158,048.40	\$54,661.29
Maintenance of Equipment....	1,462,105.07	3,686,762.34	5,148,867.41	1,492,347.81	3,589,711.33	5,082,059.14	66,808.27
Traffic.....	1,123.26	2,173.68	3,296.94	409.84	742.18	1,152.02	2,144.92
Transportation Expenses. ....	7,769,284.11	12,884,488.54	20,653,772.65	8,228,529.91	13,847,799.46	22,076,329.37	1,422,556.72
General Expenses.....	1,079,156.57	1,990,582.08	3,069,738.65	942,482.57	1,581,343.57	2,523,826.14	545,912.51
Total Operating Expenses....	\$11,507,936.79	\$21,580,448.55	\$33,088,385.34	\$11,884,781.98	\$21,956,633.09	\$33,841,415.07	\$753,029.73
Net Operating Revenue .....	\$7,480,440.74	\$17,850,164.67	\$25,330,605.41	\$7,496,358.46	\$16,436,001.52	\$23,932,359.98	\$1,398,245.43
Taxes .....	2,464,188.48	835,401.24	3,299,589.72	2,168,266.96	595,262.71	2,763,529.67	536,060.05
Income from Operation.....	\$5,016,252.26	\$17,014,763.43	\$22,031,015.69	\$5,328,091.50	\$15,840,738.81	\$21,168,830.31	\$862,185.38
Non-Operating Income.....	78,608.35	213,592.15	292,200.50	84,270.23	318,492.42	402,762.65	110,562.15
Gross Income.....	\$5,094,860.61	\$17,228,355.58	\$22,323,216.19	\$5,412,361.73	\$16,159,231.23	\$21,571,592.96	\$751,623.23
Interest and Sinking Fund on City Bonds.....		\$2,644,905.28	\$2,644,905.28		\$2,610,999.06	\$2,610,999.06	\$33,906.22
Interest on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds.....	\$1,442,138.87	6,628,823.15	8,070,962.02	\$1,438,169.21	6,628,823.15	8,066,992.36	3,969.66
Sinking Fund on Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds .....	570,995.37	1,646,084.63	2,217,080.00	524,471.75	1,646,084.64	2,170,556.39	46,523.61

Interest on 7% Notes.....	1,084,361.70	1,291,500.00	2,375,861.70	954,919.96	1,291,500.00	2,246,419.96	129,441.74
Interest on 10-Year 6% Notes, . .	16,724.24	381,449.04	398,173.28	18,270.67	242,637.87	260,908.54	137,264.74
Interest on Equipment Trust Certificates.....		169,422.66	169,422.66		70,420.00	70,420.00	99,002.66
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds	1,627,320.00		1,627,320.00	1,627,320.00		1,627,320.00	
Interest on Manhattan Railway Second Mortgage 4% Bonds ....	180,920.00		180,920.00	180,920.00		180,920.00	
Manhattan Railway Rental (Organization).....	50,000.00		50,000.00	50,000.00		50,000.00	
Dividend Rental on Manhattan Railway Company Capital Stock	3,065,310.00		3,065,310.00	2,723,877.00		2,723,877.00	341,433.00
Interest on Investment of Depreciation Reserve.....		48,800.00	48,800.00		48,800.00	48,800.00	
Interest on Unfunded Debt .....	21,529.10	65,733.15	87,262.25	68,726.26	109,816.89	178,543.15	91,380.90
Other Rent Deductions.....	216,605.45	23,806.24	240,411.69	238,485.27	26,174.40	264,659.67	24,247.93
Total Income Deductions.....	\$8,275,904.73	\$12,900,524.15	\$21,176,428.88	\$7,825,160.12	\$12,675,256.01	\$20,500,416.13	\$676,012.75
Net Corporate Income.....	<del>\$3,181,044.12</del>	\$4,327,831.43	\$1,146,787.31	<del>\$2,412,798.39</del>	\$3,483,975.22	\$1,071,176.83	\$75,610.48
(Exclusive of Accruals under Contract No. 3 and Related Certificates).							
Maintenance in Excess of Contractual Provisions.....	1,352,713.83	139,651.84	1,492,295.67	1,305,487.15	124,715.49	1,430,202.64	62,093.03
Balance after Actual Maintenance	<del>\$4,533,757.95</del>	\$4,188,249.59	<del>\$345,503.36</del>	<del>\$3,713,985.54</del>	\$3,359,259.73	<del>\$359,025.81</del>	\$13,517.45
Per Cent. Expenses to Earnings :							
Excluding Taxes.....	60.60%	54.73%	56.64%	61.32%	57.20%	58.57%	1.93%
Including Taxes.....	73.58%	56.85%	62.29%	72.51%	58.74%	63.36%	1.07%
Passengers Carried.....	352,723,553	736,820,672	1,089,544,225	359,410,056	714,933,187	1,074,343,243	15,200,982
Daily Average Passengers Carried	966,366	2,018,687	2,987,053	981,995	1,953,369	2,935,364	49,689

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1925

## ASSETS

(And Other Balance Sheet Accounts Debit)

<b>FIXED CAPITAL</b>		
Subway Division:		
Contracts No. 1 and No. 2.....	\$60,498,436.91	
Contract No. 3.....	116,914,846.44	
Sub-Total .....	\$177,413,283.35	
Manhattan Division:		
Elevated Certificates .....	43,566,200.24	
<b>TOTAL</b> .....		\$220,979,483.59
<b>CONSTRUCTION AND EQUIPMENT FUNDS:</b>		
Held for account of Contract No. 3 and Related Elevated Certificates:		
Cash:		
New York Trust Company, Trustee, Equipment Trust Series "C" .....	\$1,962,842.00	
Guaranty Trust Company, Trustee, Special Deposit.....	447,420.30	
Sundry Other Deposits.....	1,636,631.49	
Sub-Total .....	\$4,046,893.79	
Investments:		
United States Government Securities and Real Estate Mortgages		
—Temporary Investments .....	\$1,221,485.00	
United States Government Securities Deposited with City of New York under Contract No. 3.....	249,437.50	
Sub-Total .....	\$1,470,922.50	
Accounts Receivable—Including interest accrued.....	27,248.79	
<b>TOTAL</b> .....		5,545,065.08
<b>INVESTMENTS:</b>		
Securities of Associated Companies—Stocks and Bonds (See Note No. 1) .....	\$17,051,335.46	
United States Government Securities:		
Deposited with State Industrial Commission.....	801,881.49	
Deposited with City of New York—account 59th Street Tunnel....	12,000.00	
Bond and Mortgage on Real Estate Sold.....	336,164.61	
Real Estate Owned.....	571,196.50	
<b>TOTAL</b> .....		18,772,578.06
<b>SECURITIES IN TRUST FOR VOLUNTARY RELIEF FUND</b> .....		53,257.50
<b>CURRENT ASSETS:</b>		
Cash .....	\$2,826,209.38	
Special Deposits—for Specific Purposes.....	2,470.00	
Accounts Receivable—Including Interest Accrued.....	755,241.00	
Due from Construction and Equipment Funds.....	114,665.59	
Prepayments—(Insurance, Rents, etc.) .....	275,771.53	
Materials and Supplies .....	2,673,108.73	
<b>TOTAL</b> .....		6,647,466.23
<b>DUE FROM ASSOCIATED COMPANIES (See Note No. 1):</b>		
Notes Receivable .....	\$4,014,474.86	
Open Accounts .....	3,048,921.85	
Interest Accrued .....	261,345.38	
<b>TOTAL</b> .....		7,324,742.09
<b>ITEMS AWAITING DISTRIBUTION</b> .....		135,306.01
<b>ACCOUNTS IN SUSPENSE:</b>		
Reserves for Maintenance and Depreciation—Under Contract No. 3 and Related Elevated Certificates:		
Balance, Deficiency in Reserve Account—Elevated Certificates....	\$4,896,726.51	
Balance to Credit Reserve Account—Contract No. 3.....	2,413,262.66	
Net Balance .....	\$2,483,463.85	
Capital Retirements to be Replaced from Depreciation Reserve....	963,628.50	
<b>TOTAL</b> .....		3,447,092.35
<b>UNAMORTIZED DEBT DISCOUNT AND EXPENSE</b> .....		9,904,626.78
<b>ACCOUNTS PER CONTRA:</b>		
Bankers Trust Company, Trustee under Collateral Indentures dated September 1st and 2nd, 1918, and September 1st, 1922.....		
First and Refunding Mortgage 5% Bonds Reacquired.....	\$59,603,186.02	
Account Receivable when earned by New York Rapid Transit Corporation under Supplementary Agreement .....	464,000.00	
Accruals Payable from Future Earnings, under Contract No. 3 and Related Certificates:	200,750.00	
Contract No. 3.....	10,093,460.38	
Elevated Certificates .....	50,910,175.05	
<b>TOTAL</b> .....		121,271,571.45
<b>TOTAL—ALL ACCOUNTS</b> .....		\$394,081,189.14

NOTE: No. 1—Several of the items included in "Securities of Associated Companies" and in "Due from Associated Companies" are in course of liquidation and may realize but a comparatively small sum. When their value shall be definitely ascertained and items of a similar character shall have been re-valued in accordance with the existing conditions, the balance sheet will be re-cast and there will be entered upon the books the full asset value of Contract No. 3, the Subway Lease, including the appraised present worth of the Subway preferentials when earned. This value has not been set forth heretofore in full and is now awaiting final appraisal. It is believed that the additional value of the Lease, when finally determined, will be in excess of the shrinkage in the other assets.

# INTERBOROUGH RAPID TRANSIT COMPANY

GENERAL BALANCE SHEET—JUNE 30, 1925

## LIABILITIES

(And Other Balance Sheet Accounts Credit)

<b>CAPITAL STOCK:</b>		
350,000 Shares @ \$100 each.....		\$35,000,000.00
<b>FUNDED DEBT:</b>		
First and Refunding Mortgage 5% Gold Bonds—Due January 1st, 1966.....		162,106,000.00
<b>NOTES OUTSTANDING:</b>		
Ten Year 7% Notes—due September 1st, 1932.....	\$34,307,670.00	
Ten-Year 6% Notes—due October 1st, 1932.....	10,500,000.00	
Three-Year Secured Convertible 7% Gold Notes:		
Extended @ 8%—(Overdue) .....	15,800.00	
Not Extended—(Overdue) .....	9,000.00	44,832,470.00
<b>EQUIPMENT TRUST CERTIFICATES:</b>		
Series "A" @ 6%—Dated March 15th, 1923, Payable 20% Annually..	\$840,000.00	
Series "B" @ 6½%—Dated January 1st, 1924, Payable 20% Annually	1,800,000.00	
Series "C" @ 6%—Dated November 1st, 1924, Payable 20% Annually..	2,850,000.00	5,490,000.00
<b>RAPID TRANSIT SUBWAY CONSTRUCTION COMPANY:</b>		
Notes—Account Saratoga Award—Contract No. 1.....	\$2,224,457.00	
Note—Account Contract No. 2.....	1,240,107.83	3,464,564.83
<b>MANHATTAN RAILWAY COMPANY—LEASE ACCOUNT .....</b>		377,322.73
<b>CONSTRUCTION FUNDS ACCOUNTS PAYABLE:</b>		
Due General Cash for Construction Expenditures made.....	\$114,665.59	
Other Accounts Payable—Audited Vouchers, Interest, etc.....	374,458.88	489,124.47
<b>CURRENT LIABILITIES:</b>		
Sinking Fund on First and Refunding Mortgage 5% Bonds—Accrued (See Note No. 2).....	\$18,462,594.43	
Less: Amount Deposited with Trustee.....	8,485,734.43	
Balance .....	\$9,976,860.00	
Interest and Rentals—Due and Accrued.....	\$8,947,461.09	
Less: Amounts on Deposit and Payable from Construction Funds....	4,947,948.69	
Balance .....	\$3,999,512.40	
Due for Wages.....	\$374,497.75	
Accounts Payable—Audited Vouchers and Sundry Open Accounts.....	\$1,005,177.05	
Taxes—Due and Accrued (See Note No. 3).....	\$2,506,095.54	17,862,142.74
<b>TRUSTEE FOR VOLUNTARY RELIEF FUND.....</b>		41,189.77
<b>FEDERAL TAXES IN SUSPENSE.....</b>		541,910.95
<b>RESERVES:</b>		
Accrued Amortization of Capital (Depreciation Reserve prior to Opera- tion under Contract No. 3 and Certificates).....	\$1,114,515.01	
Interest on Investment of Depreciation Reserve.....	472,871.46	
Reserve for Insurance on Substations.....	6,000.00	
Sundry Reserves Account Manhattan Railway Company.....	637,029.88	
Sub-Total .....	\$2,230,416.35	
Less—Investments and Cash Deposits on account of Reserves:		
Manhattan Railway Company Account.....	\$274,434.18	
Account Depreciation Reserves prior to Operation under Contract No. 3 .....	879,767.50	
Sub-Total .....	\$1,154,201.68	1,076,214.67
<b>ACCOUNTS PER CONTRA:</b>		
First and Refunding Mortgage 5% Gold Bonds:		
Pledged as Collateral:		
Ten-Year 7% Notes .....	\$59,504,000.00	
Three-Year 7% Notes.....	98,000.00	
Released by Bankers Trust Company, Trustee.....	464,000.00	
Deferred Profit and Loss (Contingent) Credits:		
Deferred Rental Account New York Rapid Transit Corporation.....	200,750.00	
Accruals under Contract No. 3 and Related Certificates.....	61,003,635.43	121,270,385.43
<b>SURPLUS .....</b>		1,529,863.55
<b>TOTAL—ALL ACCOUNTS .....</b>		<u>\$394,081,189.14</u>

### NOTES:

No. 2—Under the "Plan of Readjustment" of May 1st, 1922, payments of the Sinking Fund installments due from July 1st, 1921, are postponed until July 1st, 1926.

No. 3—This accrual makes no allowance for Federal Taxes on Income from date of Operation under Contracts with the City of New York to January 1st, 1924. Complete exemption is claimed because of the profit sharing contracts with the City.

# INTERBOROUGH RAPID TRANSIT COMPANY

## FINANCIAL

	1925	1924
Capital Stock .....	\$35,000,000	\$35,000,000
First and Refunding Mortgage 5% Gold Bonds, dated January 1st, 1913, due January 1st, 1966.....	162,106,000	162,106,000
Ten-Year Secured Convertible 7% Notes, dated September 1st, 1922 .....	34,307,670	34,296,600
Three-Year Secured Convertible 7% Gold Notes, dated September 1st, 1918 .....	24,800	37,100
Extended September 1st, 1921 for one year		
@ 8% .....	\$15,800	
Not Extended .....	9,000	
Ten-Year 6% Notes, dated October 1st, 1922 .....	10,500,000	10,500,000
Equipment Trust Certificates, Series "A," dated March 15th, 1923 .....	840,000	1,120,000
Equipment Trust Certificates, Series "B," dated January 1st, 1924 .....	1,800,000	2,250,000
Equipment Trust Certificates, Series "C," dated November 1st, 1924 .....	2,850,000	
Totals .....	<u>\$247,428,470</u>	<u>\$245,309,700</u>

The First and Refunding 5% Gold Bonds, the 7% Notes and the 6% Notes, above referred to, were issued for the following purposes:

	5% Bonds	7% Notes	6% Notes
To provide funds for Subway Construction and Equipment under Contract No. 3 dated March 19th, 1913 .....	\$79,961,463	\$18,452,470	\$8,622,448
To provide funds for Elevated Third Tracking under Certificate dated March 19th, 1913 .....	12,025,666	10,735,730	1,269,325
To provide funds for Elevated Extensions under Certificate dated March 19th, 1913 .....	14,191,237	2,499,066	295,474
To provide funds for the Manhattan Division Power Plant Improvements.....	3,312,634	2,645,204	312,753
For the refunding of \$15,000,000 Notes due May 1st, 1913, and Forty-five Year Mortgage 5% Gold Bonds, dated November 1st, 1913 .....	52,615,000		
Totals .....	<u>\$162,106,000</u>	<u>\$34,332,470</u>	<u>\$10,500,000</u>

The above First and Refunding Mortgage 5% Gold Bonds are listed on both the New York and London Stock Exchanges.

NOTE: The Equipment Trust Certificates were issued in connection with acquisition of Additional Steel Cars for the Subway.

Series "A" 100 Trailer Cars.  
Series "B" 100 Motor Cars.  
Series "C" 150 Motor Cars.

## INTERBOROUGH RAPID TRANSIT COMPANY

### ANALYSIS OF INCOME DEDUCTIONS, YEARS ENDED JUNE 30, 1925 AND 1924

<i>Description</i>	1925	1924	Increase Decrease
Interest and Sinking Fund on City Bonds	\$2,644,905.28	\$2,610,999.06	\$33,906.22 (1)
Interest on First and Refunding Mortgage 5% Gold Bonds .....	8,070,962.02	8,066,992.36	3,969.66 (2)
Sinking Fund on First and Refunding Mortgage 5% Gold Bonds .....	2,217,080.00	2,170,556.39	46,523.61 (2)
Interest on 7% Notes .....	2,375,861.70	2,246,419.96	129,441.74 (2)
Interest on Ten-Year 6% Notes .....	398,173.28	260,908.54	137,264.74 (2)
Interest on Equipment Trust Certificates, Series "A" .....	62,300.00	70,420.00	8,120.00
Series "B" .....	99,319.99		99,319.99 (3)
Series "C" .....	7,802.67		7,802.67 (3)
Interest on Manhattan Railway Consolidated Mortgage 4% Bonds .....	1,627,320.00	1,627,320.00	
Interest on Manhattan Railway 2nd Mortgage 4% Bonds .....	180,920.00	180,920.00	
Manhattan Railway Rental, (Organization) .....	50,000.00	50,000.00	
Dividend Rental on Manhattan Railway Company Capital Stock .....	3,065,310.00	2,723,877.00	341,433.00 (4)
Interest on Investment of Depreciation Reserve .....	48,800.00	48,800.00	
Interest on Unfunded Debt .....	87,262.25	178,543.15	91,280.90
Other Rent Deductions .....	240,411.69	264,659.67	24,247.98
 Total Income Deductions .....	 \$21,176,428.88	 \$20,500,416.13	 \$676,012.75

#### NOTES

(1) Additional rental payable under Contract No. 1, due principally to the payment by the City of the balance due under that contract.

(2) Due to additions and improvements placed in operation during the year.

(3) The 100 steel Subway cars purchased under Equipment Trust Series "B" were placed in operation during the summer of 1924. The 150 steel Subway cars purchased under Equipment Trust Series "C" were partly in use during June, 1925.

(4) Due to the increase in rental payable to the Manhattan Railway stockholders under the Plan of Readjustment of May 1st, 1922, and to the accrual of a reserve to cover additional dividend rental for the year which might become payable to owners of Manhattan Stock not assenting to the Plan of Readjustment.

# INTERBOROUGH RAPID TRANSIT COMPANY

## ADDITIONS, BETTERMENTS, REPLACEMENTS AND RETIREMENTS FOR THE YEAR ENDED JUNE 30, 1925

### CHARGEABLE TO CAPITAL ACCOUNT

#### CONTRACT No. 1:

Equipment .....	\$3,248.70		
Replacements .....	213,464.14	\$216,712.84	
Retirements .....	\$244,312.04		
Transferred to Contract No. 3.....	352,562.16	596,874.20	\$380,161.36

#### CONTRACT No. 3:

Construction .....	\$25,122.58		
Equipment .....	1,199,225.66		
Replacements of Equipment .....	322,079.29	\$1,546,427.53	
Retirements .....		392,018.35	1,154,409.18

#### ADDITIONS TO CONTRACT No. 3:

Construction .....	\$56,698.00		
Equipment .....	5,453,919.73	\$5,510,617.73	
Retirements .....		41,080.91	5,469,536.82

#### MANHATTAN THIRD TRACKING:

Equipment and Plant & Structure .....			46,243.69
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#### ELEVATED EXTENSIONS:

Equipment and Plant & Structure .....			33,632.26
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#### MANHATTAN DIVISION POWER PLANT:

Improvements .....	\$505.40		
Replacements .....	1,815.65	1,310.25	
Retirements .....		10,117.35	8,807.10

#### ADDITIONS TO MANHATTAN DIVISION POWER PLANT ....

18,662.38

#### ADDITIONS TO MANHATTAN COMPANY LINES UNDER EXTENSION CERTIFICATES:

Equipment and Plant & Structure .....	\$131,154.76		
Retirements .....	32,989.05		98,165.71

#### NET INCREASE IN FIXED CAPITAL.....

\$6,364,417.06

**INTERBOROUGH RAPID TRANSIT COMPANY**  
**EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1925**

**MANHATTAN RAILWAY DIVISION**

<b>PASSENGER CARS:</b>	1925	1924
Motor, closed .....	1,007	1,007
Trailer, closed .....	707	710
Trailer, open .....	4	8
<b>Total .....</b>	<b>1,718</b>	<b>1,725</b>

<b>SERVICE CARS:</b>		
Pay, motor, closed .....	1	1
Instruction, motor, closed .....	1	1
Box, motor, steel .....	2	2
Pay, trailer, closed .....	1	1
Supply, trailer, closed .....	15	15
Tool, trailer, closed .....	1	1
Ticket, trailer, closed .....	2	2
Flat, trailer .....	33	29
Hopper, trailer .....	5	5
Derrick, trailer .....	3	3
<b>Total .....</b>	<b>64</b>	<b>60</b>

<b>Total Manhattan Railway .....</b>	<b>1,782</b>	<b>1,785</b>
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<b>PASSENGER CARS:</b>		
Motor, composite, closed .....	476	476
<b>Total Manhattan Division .....</b>	<b>2,258</b>	<b>2,261</b>

**SUBWAY DIVISION—CONTRACTS Nos. 1 AND 2**

<b>PASSENGER CARS:</b>	1925	1924
Motor, steel, closed .....	784	785
Trailer, steel, closed .....	352	352
<b>Total .....</b>	<b>1,136</b>	<b>1,137</b>

<b>SERVICE CARS:</b>		
Pay, motor, closed .....	1	1
Instruction, motor, closed .....	1	1
Observation, motor, closed .....	1	1
Flat, steel, motor .....	7	7
Pay, trailer, closed .....	1	1
Emergency, pump, closed .....	1	1
Flat, wooden, trailer .....	15	15
Flat, steel, trailer .....	18	18
Hopper, steel, trailer .....	1	1
Dump, steel, trailer .....	2	2
Box, steel, trailer .....	2	2
Refuse, steel, trailer .....	4	4
<b>Total .....</b>	<b>54</b>	<b>54</b>

<b>Total Contracts Nos. 1 and 2 .....</b>	<b>1,190</b>	<b>1,191</b>
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# INTERBOROUGH RAPID TRANSIT COMPANY

## EQUIPMENT OWNED OR LEASED AS OF JUNE 30, 1925

### SUBWAY DIVISION—CONTRACT No. 3

PASSENGER CARS:	1925	1924
Motor, steel, closed .....	579	581
Trailer, steel, closed .....	217	217
Total .....	<u>796</u>	<u>798</u>
SERVICE CARS:		
Pay, steel, closed .....	1	1
Total Contract No. 3.....	<u>797</u>	<u>799</u>

### SUBWAY DIVISION—LEASED FROM NEW YORK TRUST CO.

PASSENGER CARS:		
Motor, steel, closed .....	179	....
Trailer, steel, closed .....	100	100
Total leased from N. Y. Trust Co. ....	<u>279</u>	<u>100</u>
Total Subway Division .....	2,266	2,090
GRAND TOTAL .....	<u>4,524</u>	<u>4,351</u>

## VOLUNTARY RELIEF DEPARTMENT OPERATIONS

### YEAR ENDED JUNE 30, 1925

#### FINANCIAL STATEMENT

Receipts to June 30th, 1924, inclusive .....		\$1,462,215.64
<i>Receipts for year ended June 30, 1925</i>		
Contributions from members .....	\$89,031.77	
Interest on investments and bank balances .....	2,410.37	
Cash contributed by the Company .....	85,000.00	
Reimbursement of benefits paid to pensioners .....	8,590.50	185,032.64
		<u>\$1,647,248.28</u>
Received from the Company in advance of collection of contributions....		54,107.56
Total Receipts .....		<u>\$1,701,355.84</u>
Disbursements to June 30th, 1924, inclusive .....	\$1,529,694.89	
<i>Disbursements for year ended June 30, 1925</i>		
Accident Benefits Paid .....	\$6,548.00	
Sickness Benefits Paid .....	60,030.75	
Death Benefits Paid .....	50,869.83	
Contribution Refunded .....	954.87	118,403.45
		<u>\$1,648,098.34</u>
Total Payments .....		
<i>Investments</i>		
\$45,000 Manhattan Railway Company Consolidated Mortgage 4% Bonds, at cost .....	\$43,456.25	
\$10,000 Interborough Rapid Transit Co. First and Refunding Mortgage 5% Gold Bonds, due 1966, at cost ....	9,801.25	\$53,257.50

#### MEMBERSHIP STATEMENT

Membership June 30, 1925 .....	7,704
During the year the Medical Examiners have made 5,184 calls on disabled members.	





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